DOMINION OF CANADA

OFFICIAL REPORT

OF

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FOURTH SESSION—SEVENTEENTH PARLIAMENT

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HOUSE OF COMMONS
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Tuesday, March 28, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire to lay upon the table of the house orders in council passed pursuant to the Relief Act.

CRIMINAL CODE AMENDMENT

APPEAL TO PRIVY COUNCIL IN CRIMINAL CASES—LEGISLATIVE POWER UNDER STATUTE OF WESTMINSTER

Hon. ERNEST LAPOINTE (Quebec East) moved for leave to introduce Bill No. 57 to amend the Criminal Code (Appeals to privy council).

Some hon. MEMBERS: Explain.

Mr. LAPOINTE: Subsection 4, of section 1024, of the criminal code, formerly section 1025, abolishes appeals to the privy council in criminal matters. This section is still in the statutes and has been the law of Canada for the last four or five years. In 1926 a case known as the Nadan case originated in Alberta and upon its being brought to the privy council this particular section of the Criminal code was declared ultra vires of the Canadian parliament because it came in conflict with an old Imperial statute which granted leave to the subjects of His Majesty to appeal to the privy council. Under the Colonial Laws Validity Act of 1865 that law of the dominion parliament was declared ultra vires and also because of the fact that this parliament did not possess the right to give extraterritorial jurisdiction to its legislation. Under the Westminster statute these two legal incapacities were removed but the removal applied only to future legislation of the Dominion parliament. In order to give force and effect to this provision of our law it is necessary to re-enact it and declare that it has full force and effect. This is the purpose of the bill.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, the question of the rights and powers of this parliament under the statute of Westminster which was adopted at the last session is now under consideration by the law officers of the Department of Justice with a view to introducing into this house at this session a bill which will deal with all questions that arise under the new authority given to this parliament by the statute of Westminster. This new legislation will cover not only the particular section of the criminal code mentioned by the hon. member for Quebec East (Mr. Lapointe) but also the extraterritorial effect to be given to all laws of the Dominion of Canada. It is hoped that a bill will be introduced during the present session to deal with all these matters rather than dealing with one at a time.

Mr. LAPOINTE: I am pleased that my hon. friend has made this statement. Perhaps he will allow the bill to be read a first time and remain upon the order paper until this legislation is brought down.

Mr. GUTHRIE: Certainly.

Motion agreed to and bill read the first time.

CONSERVATION OF HERRING

On the orders of the day:

Hon. PETER J. VENIOT (Gloucester): I should like to inquire of the Minister of Fisheries (Mr. Duranleau) if any new regulations have been formulated in connection with the conservation of herring, and processes of salting, canning, etc. He may not have the information at hand at the moment, but perhaps he can obtain it for me.

Hon. ALFRED DURANLEAU (Minister of Marine): I shall take this as a notice of question, and shall answer it to-morrow.

FRUIT MARKING

On the orders of the day:

Mr. W. A. FRASER (Northumberland): I should like to ask the Minister of Agriculture whether he contemplates introducing legislation this session for the revision of the act relating to fruit marking.

Hon. ROBERT WEIR (Minister of Agriculture): The matter is under consideration.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, March 24, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, another year in the fiscal history of this country has come and gone, and perhaps what is even more important is that another year of this period of intense economic and commercial depression is past and gone. As we look back over the past year and, indeed, over the past three or four years, many of us are willing to admit that we are much wiser to-day than we were three or four years ago. Many proposals made with great confidence that some suggestion, if accepted, would cure all the ills from which we were suffering, we now realize were mistaken ideas.

Some hon. MEMBERS: Hear, hear.

Mr. STEVENS: My hon. friends opposite seem to think that the monopoly of that rests with this side of the house, but I have very definitely in mind innumerable weird suggestions that have come from the other side.

The year, however, has passed. Under our constitutional form of government, we are once again confronted with the responsibility on the part of the administration of accounting for the year's stewardship and of intimating to the house provision for the future. This was done by the Minister of Finance (Mr. Rhodes) in the admirable and well presented speech which he delivered the other day. Our picture at this time may not be particularly rosy, but as a people, one nation among many, I think we as Canadians can claim the right of looking back over the past year with at least some degree of satisfaction, even if it be grim, and of looking to the future with a great deal of confidence.

The hon. member for Shelburne-Yarmouth (Mr. Ralston) who, I regret very much to note, is not in his seat, because I purpose dealing and necessarily must deal with much of what he said the other day, definitely represented the official opposition and the Liberal party as a whole. I believe his utterances were fully endorsed and unreservedly accepted by them. Therefore I feel at liberty to say that his views represent those of the Liberal party, the official opposition in this house. The hon. gentleman in his references to the government was certainly not very complimentary. In one breath he described the government as being weak and without self-reliance and a moment or two later, when it suited his argument, he said that this was a domineering government. Then he said that it was a static and fear-stricken government. A little later he said that it was an arrogant government. So we have this weak, domineering, fear-stricken, arrogant government accounting to the house for the last year's affairs. But there was no word of encouragement from the hon. gentleman from one end of his speech to the other; there was no recognition of world difficulties and perplexities; there was no offer of cooperation, only bitter denunciation, a deliberate disregard of obvious difficulties and, I believe, as I shall show in a moment, a gross misinterpretation of public statistics.

I propose to demonstrate to the house that his picture of Canadian trade is a false one and that his analysis of our debt and proposed new taxes is a distortion of easily understandable and readily knowable facts. First, I shall take his reference to the public debt. He said that the increase in the public debt was $455,000,000. In making that statement he ignores the transfer from current to funded debt of $33,293,000 of school land funds. This leaves the increase in the debt at about $421,000,000. This is his first error. The matter, however, of interest is not an error of a few millions here and there, but whether the items entering into this increase justify it, having in mind of course the conditions under which this country in common with all others is labouring. I stated that

the increase in the funded debt was $421,869,000. The net debt has increased by almost precisely the same figure, the one in large measure simply representing the other, or $421,325,000. I propose to lay before the house reasons and justifications for this increase. The items are as follows

Deficit on ordinary account..$139,273,000

I shall analyse that a little further in a moment:

Capital expenditures, Hudson Bay railway and Welland canal completion..	54,325,000
Loans and advances, non-active.	10,559,000
Special expenditures on unemployment relief, $78,000,000 and wheat bonus, $12,00,000, less some small credits.. ..	88,026,000
Active assets written down:	
30 per cent reduction on soldiers' loans.. .. ..$	8,599,000
Canadian National Railway loan..	41,121,000
Harbour commission loans retired from active to non-active..	26,000,000
	75,720,000
Canadian National deficit of last year..	53,422,000

These are the items which go to make up the $421,000,000 increase in debt.

As regards the first item on which the house might properly ask a few questions, that is the deficit of $139,000,000 on ordinary account, one can account for $77,000,000 of that in the following way: first, increases in ordinary expenditures in part due to actions before this government took office, and the outworking of certain measures adopted by parliament. In saying that, I am merely stating the fact without reflecting upon hon. gentlemen opposite.

Increase in Ordinary Expenditures in Past Three Years, Over 1929-30, Which Have Contributed to the Deficit on Ordinary Account

Excess of payments in each of past three years over amount required in 1929-30

Interest on public debt..	$13,000,000
Subsidies to provinces..	7,300,000
Old age pensions..	22,600,000
Coal movements..	2,300,000
Pensions and ex-soldiers' care.. ..	24,500,000
Maritime freight rates..	8,000,000

Those are all increases due to action by parliament but increases which certainly are not under the control of this government, and that total forms a substantial part of the $139,000,000 to which I have referred.

As to the capital expenditures increase to which I referred, I think it will be generally admitted that the Hudson Bay railway and the Welland canal were undertakings authorized by parliament which necessarily had to be carried to completion. I shall not refer further to unemployment relief and the other items which I have mentioned. These are items which we offer as a justification for the increase in the net debt of this country in the light of the very difficult financial circumstances through which we are passing.

It was rather amusing when the hon. member for Shelburne-Yarmouth was speaking the other day that he should taunt the right hon. the Prime Minister with not having set up a sinking fund. He said that the right hon. gentleman a few years ago when he was leader of the opposition declared that it was a very sound principle to have a sinking fund for the retirement of the public debt, and he taunted the Prime Minister with not having brought a sinking fund into being within the past three years. But was that a fair criticism? During the nine years of bounding revenues when hon. gentlemen opposite were in office not one cent was set aside for the erection of a sinking fund. Those undoubtedly were the times when a sinking fund ought to have been set up, but in these days when we are in the greatest depression and economic chaos the world has ever seen, we are taunted with not having set up a sinking fund.

Then my hon. friend from Shelburne-Yarmouth turned to the trade question, and I invite the house to observe some of his statements in that regard. I thought he was particularly unhappy in his treatment of the trade question in this country.

He says that our total trade is down fifty per cent from 1931. He says, further, that our tariffs were put up in May, 1931, and then down went imports and down went customs revenue. Our trade, he says has dwindled to pitiful proportions, and in the amendment it is declared that our policies have been proven to have diminished trade.

I ask hon. members to note well those observations by the hon. gentleman. Our trade, he says, is down fifty per cent. What do we mean by trade? He of course measured our trade entirely by the dollar yardstick, by its value, but is that a fair yardstick?

Mr. MACKENZIE (Vancouver): It is.

Mr. STEVENS: I think it is not. If we are sending out to the markets of the world a quantity of Canadian products reasonably commensurate in volume with what we were sending before, then I think we can claim that our trade is not in a bad state. Of course, the question of value enters into it;

no one denies that. But it is obvious that we could not export from this country in times of depression two or three times the volume of goods that we exported before in order to equalize the value of our exports due to the fall in prices. I submit this to the house, that if it can be shown that the volume of our trade is being reasonably well maintained during this period of difficulty, the hon. gentleman's argument falls to the ground; and secondly, that if it can be demonstrated that prices have fallen in a corresponding ratio to the drop in revenues, there is nothing left to his case.

In the first place I shall deal with our trade, giving a few very striking illustrations. The year 1932 has been declared one of the worst years in our history both as regards trade and economic conditions throughout the world generally. I now give to the house the following increases in the value of our exports to some ten different countries, among them being many of our chief customers, and all these are increases on the basis by which my hon. friend from Shelburne-Yarmouth measures trade; that is dollar increases, an actual increase in the dollar value of the goods exported, and therefore the volume of the trade itself must also have been greatly increased:

Exports

1932 increase in value over 1931

United Kingdom	$6,637,000
Netherlands	3,334,000
Belgium	561,000
Australia	2,368,000
Peru	89,000
Norway	324,000
Sweden	846,000
Spain	1,497,000
Russia	1,677,000
Ceylon	5,000

That makes a total of $17,300,000 of an increase in the value of our exports to those countries. Consequently my hon. friend cannot claim that we are closing those markets to the Canadian producer.

Now I turn to our trade with the United Kingdom, and I will give to Hansard a statement which I shall read. I have included wheat in the list for purposes of information not that I claim any trade significance in regard to it because wheat is something that is exported in very large quantities in all years:

Canada's Exports to the United Kingdom showing Increases
Ten months ended January 31, 1932, 1933

	Quantity		Per cent increase
	1932	1933	
Apples, green—Bbl.	1,240,482	1,315,128	6·0
Fruits, canned, preserved—Lb.	4,733,671	8,400,971	77·5
Fruit juices and fruit syrups—Gal.	196,025	363,329	85·5
Fruits, dried—Lb.	83,975	239,915	185·7
Oats—Bush.	5,153,448	7,470,625	45·0
Wheat—Bush.	101,293,076	135,292,710	33·0
Bran, shorts and middlings—Cwt.	196,820	1,470,026	646·8
Flour of wheat—Bbl.	1,765,424	2,035,929	15·3
Macaroni and vermicelli—Lb.	761,385	1,587,194	108·5
Oilcake and meal—Cwt.	43,208	75,811	75·5
Tobacco, unmanufactured—Lb.	3,571,594	9,590,922	168·5
Senega root—Lb.	43,497	63,108	45·1
Lobsters, canned—Cwt.	28,106	28,646	1·9
Hides and skins, n.o.p.—Cwt.	4,951	10,331	108·7
Beef, fresh, chilled, or frozen—Cwt.	4,781	19,382	305·4
Bacon and hams—Cwt.	106,491	289,641	172·0
Canned meats—Lb.	14,885	390,622	2,524·3
Pork, fresh, chilled or frozen—Cwt.	4,459	17,010	281·5
Pork, dry salted—Cwt.	4,274	18,122	324·0
Poultry, dressed or undressed—Lb.	56,175	1,203,645	2,042·7
Cheese—Cwt.	800,481	821,013	2·6
Milk, condensed, powdered, evaporated—Cwt.	65,560	157,946	140·9
Animal fats, n.o.p.—Gal.	88	17,533	19,823·9
Fish oil, n.o.p.—Gal.	16,574	187,086	1,028·8
Grease and grease scraps—Cwt.	—	5,973	—
Lard compounds—Cwt.	41	1,086	2,548·8
Honey—Cwt.	1,823,522	2,111,766	15·8
Socks and stockings—Doz. prs.	3,055	19,295	531·6
Wrapping paper, kraft—Cwt.	15,394	17,211	11·8
Planks and boards—M ft.	100,612	159,855	58·9
Timber, square—M ft.	18,674	21,773	16·6
Castings—Cwt.	2	3,032	151,500·0
Rolling mill products—Ton	4	240	5,900·0
Typewriters and parts—No.	415	10,012	2,312·5
Automobiles, passenger—No.	219	1,562	613·3

Canada's Exports to the United Kingdom showing Increases
Ten months ended January 31, 1932, 1933—Conc.

	Quantity		Per cent
	1932	1933	increase
Cobalt alloys..Lb.	12,650	22,279	76·1
Copper bars, rods, sheets, etc..Cwt.	146,174	868,577	494·2
Lead in pigs, refined lead..Cwt.	774,018	1,061,356	37·1
Abrasives, artificial, crude..Cwt.	30,107	55,536	84·5
Coal tar and pitch..Gal.	—	962,190	—
Graphite..Cwt.	500	1,411	182·2
Talc..Cwt.	18,152	25,938	43·0
Cobalt, oxides and salts..Lb.	154,000	273,000	77·3

This, Mr. Speaker, indicates the increase in the volume of our exports to the United Kingdom of the items I have mentioned. There are those who say there is no increase in imports. With that in mind I am going to give a corresponding table of the increase in imports from the United Kingdom to Canada. The list is as follows:

Canada's Principal Imports from the United Kingdom
10 months ended January 31, 1932-33

	Quantities		Per cent
	1932	1933	increase
Oranges..Cub. Ft.	21,611	35,402	63·8
Nuts (except coconuts)..Lb.	621,160	1,050,228	69·1
Castor oil..Gal.	74,588	133,587	79·1
Cottonseed oil, crude..Cwt.	44,981	90,646	101·5
Oil for soap..Gal.	112,581	179,622	59·5
Crude rubber..Lb.	4,474	1,398,830	31,165·7
Confectionery..Lb.	2,497,605	2,507,609	0·4
Cotton yarn..Lb.	1,427,605	1,912,397	34·0
Piece dyed..Lb.	1,478,284	1,640,946	11·0
Velvets and plushes..Lb.	218,536	294,275	30·1
Handkerchiefs, cotton..Lb.	227,840	259,140	13·7
Towels..Lb.	461,084	500,939	8·6
Handkerchiefs..Lb.	98,599	105,080	6·6
Wool noils..Lb.	105,632	677,812	541·7
Worsted tops..Lb.	3,756,161	4,814,986	28·2
Locomotive and car wheel tires..Cwt.	23,417	54,638	133·3
Band and hoop iron..Cwt.	12,922	15,291	18·3
Bars, including rails..Cwt.	68,558	105,607	54·0
Galvanized sheets..Cwt.	290,793	401,757	38·2
Sheets, No. 14 gauge or thinner..Cwt.	114,617	212,345	85·3
Bauxite ore..Cwt.	—	263,893	—
Tin in blocks, etc..Cwt.	4,179	5,104	22·1
Batteries, storage..No.	19	178	836·8
China clay..Cwt.	185,138	196,231	6·6
Coal, anthracite..Tons	869,919	1,380,894	58·7
Coke..Tons	1,103	40,113	3,536·7
Common window glass..Sq. Ft.	488,486	1,030,988	111·1
Salt..Cwt.	479,644	569,609	18·8
Lithopone..Lb.	1,681,341	2,203,720	31·1
Oxides..Lb.	1,022,432	1,095,167	7·1
Zinc white..Lb.	2,639,697	4,852,053	83·8
Potash and compounds..Lb.	370,428	485,247	31·0
Soda and compounds..Lb.	15,447,188	18,430,356	19·3

The reading of these items may be a little wearisome, but the point I wish to make is that the hon. member who criticized the government so bitterly made the claim that our trade was diminishing. Undoubtedly the trade of Canada is diminishing, in common with that of the world, brought about by the calamitous fall in the price levels. But if it can be shown that Canada is maintaining in some measure the volume of its business, the export of its goods in weights and measurements, then we have reason for encouragement and hope. That is the point I am bringing out.

Mr. MACKENZIE KING: May I ask the minister if he has corresponding tables on exports and imports with respect to world trade?

Mr. STEVENS: I shall come to that in a minute. Although I shall not read it in detail because it would be too wearisome, I shall give to the house briefly a résumé of new busi-

ness that has been secured by the various commercial trade agencies of the government in all parts of the world. This deals with the increase in the value of business, or the new business secured in the agencies established at the following places: Athens, Batavia, London, Bristol, Liverpool, Glasgow, Dublin, Oslo, Brussels, Hamburg, Milan, Paris, Rotterdam, Melbourne, Auckland, Calcutta, Port of Spain (Trinidad), Kingston (Jamaica), Rio de Janeiro, Havana (Cuba), Panama City, Lima (Peru), Mexico City, Buenos Aires, New York, Shanghai, Hongkong, Tokyo, Kobe, Cape Town and Cairo. In all these places substantial new business has been obtained by the trade agencies of the government, and it shows for the year in the 603 established agencies new business valued at $11,000,000. All this indicates the efforts being put forth by the government and its officials abroad, and the results being achieved.

Now coming to the question the right hon. gentleman asked a minute ago. He asked if we had any evidence to show that there is a general increase in business. I do not say that there is an actual increase in all our business, or in all our exports. But I have here a calculation made for me by the Bureau of Statistics which indicates that the fall in the volume of our trade as compared with 1930, is only five per cent. I refer to the total exports to all parts of the world. This, I think, is a creditable showing. The calculation is based upon this premise: I include in the statement, in both instances exports only, that is in the 1930 price and in the 1932 price. We take the volume of business in 1932, and measure it by the price level of 1930, or apply to the volume of business in 1932, the price of 1930. Revaluing the 1932 exports at the 1930 price we have this result:

Exports	
1930	$895,000,000
1932	840,000,000

Or a decline of $44,000,000 or about five per cent. That, I think, is substantial evidence of the extent to which we are maintaining the volume of our trade abroad.

The other day the hon. gentleman had another criticism when he said that the shrinkage in customs revenue was due to tariffs. Or, to use his own words, he said that our tariffs went on in May and then down went the imports, down went customs revenue with the result that our customs revenue in 1931 was $145,000,000 and in 1932, $69,000,000. In order to support his argument he gives a table of percentages. He shows in this table that in 1926 the percentage of customs revenue to the total revenue was 42, and it has fallen in 1933 to 28 per cent. I ask the house to examine these figures. In the first place the hon. gentleman seeks to prove that because there was a fall in customs revenue in relation to total revenue, to 28 as compared with 42 per cent,—a fall it will be noted of 33⅓ per cent,—that was entirely due to the imposition of restrictive tariff duties. I wish the house to follow me in a recital of price indices for Canada, the United States and the United Kingdom. We have the following rather interesting result. Taking 1926, which was the year he used in his calculations, as 100, we have this result; the Canadian price index, 100 in 1926, was 63·6 in February, 1933, or a drop of 36·4 per cent. Irving Fisher's index, 100 in 1926 was 55·3 in February, 1933, a drop of 44·7 per cent. The Bureau of Labour figure in the United States, 100 in 1926, was 62·6 in 1933, a drop of 37·4 per cent. The Economist index in the United Kingdom, 100 for 1927, was 61·2 in January, 1933, a drop of 38·8 per cent. In every instance, in Great Britain, in the United States, in Canada, you have a drop in prices of 36 to 44 per cent. Consequently there was bound to be a corresponding drop in the revenue collected from ad valorem taxes. So while there was a drop in the proportion of customs revenue of some 33⅓ per cent it is only reasonable to assume that it was in large measure accounted for by the drop in the price level of goods in that period of time.

Then I take another test of the fairness of my hon. friend's argument. I remind the house that the charge is that the rates of duty have been boosted unduly and unwarrantably. He says, "Up went the duties and down went revenue." Let us take the average duty on goods imported from the United Kingdom, other than alcoholic liquors, for the term in which my hon. friends opposite were in office. You have an average rate of 17·9 per cent. In 1932, under the present government's increased tariffs condemned so much by my hon. friends, we have a rate of only 18·62, about ¾ of 1 per cent increase on the average on dutiable goods imported from the United Kingdom. If we turn to the United States we find this figure. During the Liberal term of office the average rate of duty was 23·9 per cent and under the present government in 1932 it was 27·45 per cent, in other words an increase there of about 3½ per cent.

Mr. EULER: Does that include the specific duties?

Mr. STEVENS: It includes all duties as far as I know. It is calculated in the regular way by the Bureau of Statistics and carried through in both instances on the same basis.

I wish also to give at this time an indication of the trend in Canada's trade, the proportions of Canada's imports from and exports to empire and foreign countries. In 1929 our imports from empire countries were 19·8 per cent of our trade, in 1932 this had increased to to 28·3 per cent. Our exports to empire countries, 33·4 per cent in 1929, had increased to 44 per cent in 1932. Then for foreign countries we find the reverse situation. It will be noted that there was an increase of about 10 per cent in the proportion of trade with empire countries in the last four years, and we find a decrease in our trade with foreign countries, from 80 per cent in 1929 to 71 per cent in 1932, for imports; and from 66 per cent to 56 per cent for exports. Taking the United Kingdom figures, we have 15 per cent of our imports coming from the United Kingdom in 1929, and 20 per cent in 1932; and our exports to the United Kingdom increased from 24 per cent in 1929 to 36 per cent in 1932. This will indicate the trend of Canadian trade. Unquestionably we are gradually seeing the result of the Imperial economic conference proposals and agreements of last summer.

My hon. friend, the critic of the opposition, denounced the government tax proposals very bitterly. His speech was designed, I think, to attract the support of every tax-dodger in Canada. He found fault with every form of taxation, every impost, that the Minister of Finance found it necessary to make. And he used this old hackneyed phrase; the taxation proposed, he said, will fall upon those least able to bear it.

An hon. MEMBER: He was right.

Mr. STEVENS: An hon. gentleman says he was right. Let him look for a moment at these facts. Here is the record from the public accounts, page 52. Taxes paid by banks, average for the years 1922 to 1930, $1,240,000. The average for the years 1931 to 1933 was $1,390,000. In other words there was an increasce of taxation of banks during the term that we have been in office as compared with the time when my hon. friends were in office. Then let us take income tax; the average amount of income tax during the 1922-30 period when my hon. friends were in office was $57,000,000 annually. In the last three years, 1931-33, the average is $65,000,000, and that with the falling off in earnings and diminution of revenue upon which this tax could be imposed. So we see that in income tax and the tax on banks we have a larger imposition under this government than under my hon. friends opposite. Take sales tax. This is the tax, mark you, which comes under the category of the hon. member's description, taxation which will fall upon those least able to bear it. It is the tax he referred to the other day as the one that would be the poor man's tax. From 1922 to 1930 the average was $94,000,000. And in case my hon. friends say, Oh but there was a lot of business, let me remind them that for a very substantial portion of that time they had a 6 per cent sales tax, just what it is to-day. And for a very substantial portion of that time they had a smaller exempt list than we have to-day. In other words there was a heavier weight of sales tax during the term of office of my hon. friends than there is at the present time.

Mr. MALCOLM: But values are lower now.

Mr. STEVENS: During the years 1931-33 the average has been $59,000,000, as against $94,000,000 in the previous period. When my hon. friends go, as they will, with the speech of the hon. member for Shelburne-Yarmouth (Mr. Ralston), before this country and argue that this government is imposing taxes upon people who are least able to bear them, let them bear in mind where that weight of taxes rested during the nine years that they were in office.

Now the hon. member sneered at the agricultural stabilization plan. He said it was a very unsound principle. He said, in principle I am opposed, have always been opposed, to this sort of thing. Now the hon. member for Shelburne-Yarmouth spoke for the Liberal party. He is opposed to this thing. Absolutely opposed to it. Then he turned around and said the main thing that was wrong with it was that it was not extended to all kinds of products. He says it is unsound and uneconomic, but the chief thing wrong is that it is not extended to manufactured products. Not satisfied with that he says, "Why, you are only extending it to goods sent to the United Kingdom. You ought to apply it to goods going to all parts of the empire." Then, carried away with that, he said it should be extended to goods sent to the United States. He wanted to apply this form of stabilizing exchange to goods sent to the United States, whose money is at a premium in this country; that was his proposal. Let us examine his position.

Mr. MALCOLM: Would the minister indicate in Hansard where the financial critic said he wanted the stabilization fund to apply to goods sent to the United States?

Mr. STEVENS: Yes, gladly.

Mr. MALCOLM: He said if it was sound why not apply it.

Mr. STEVENS: It does not sound very well, I will admit. The hon. gentleman said:

Now, no one can tell how it is going to work out until he sees the result next year.

That is what we call, in slang, a wise crack. He is pretty safe there.

Mr. MALCOLM: That is logical.

Mr. STEVENS: My hon. friend says that is logical. If a government should confine itself to the imposition of taxes and similar matters in connection with which the full result could be seen a year before the imposition was made, I do not think we would impose very many taxes in this house. Then the hon. gentleman went on:

I said the same thing about the wheat bonus and I repeat it now in regard to this matter. In principle I am opposed to this sort of legislation, because I do not believe it is sound, but if bonuses are going—

Mr. HANBURY: If.

Mr. STEVENS: My hon. friend is not improving his standing here by interjecting that sort of thing.

—if bonuses are going they ought to extend to every natural product and, as someone suggests, factory products as well. I cannot see how you can pick out some part of the community shipping to Great Britain and say to that class that they will have a certain amount made up on what they lose in shipping to Great Britain, while other exporters are given no such consideration. Take for instance the fresh fish producers. According to this they will get a bonus, but the preserved fish man does not.

Then the hon. gentleman went on to a discussion of other items such as canned and salt fish and lumber. A little later he said:

One could name numbers of natural products that fall into the same category. After all, Mr. Speaker, I ask you: Is there any guarantee, except what the Prime Minister said last evening to the effect that the government were considering the matter of machinery, that the man who actually produces the goods will get the benefit of this bonus? The exporter is the one who will get it, according to the budget speech.

And so on.

Some hon. MEMBERS: Oh, oh.

[Mr. Stevens.]

Mr. STEVENS: What is the matter? I do not want to read the whole of the hon. gentleman's speech, but hon. members might listen to this:

I say to my hon. friend that he will not get very far in assisting the fishermen of the east in shipping fresh fish to England. I believe there was about $300,000 worth of fresh fish shipped last year to England whereas the shipments to the United States amounted to something like $6,000,000. If this provision is intended to assist the producer of fish, why does he not get the bonus for the fish he ships to the United States as well as to Great Britain?

So the hon. gentleman proposes to apply this exchange stabilization scheme to goods shipped to the United States, whose money is at a premium.

Mr. BAKER: I rise to a point of order. It is that the Minister of Trade and Commerce is not being given fair play by hon. gentlemen opposite.

Mr. STEVENS: They do not worry me at all.

Mr. SPEAKER: I did not notice any improper interjections, but the minister should be accorded perfect silence while he is speaking.

Mr. STEVENS: In the remarks I have just read the hon. member for Shelburne-Yarmouth says there is no advantage to the fishermen in this scheme. I want to ask him this question: Is it of no interest to those who last year exported $1,500,000 worth of canned lobster to the United Kingdom that each pound sterling they receive should be worth $4.60 to them instead of $3.90 or $4.10? I ask him if it is of no interest to those who exported $3,500,000 worth of canned salmon to the United Kingdom that their pound should be worth $4.60 instead of $3.90 or $4.10? Is it of no interest to the fishermen that these two items alone, totalling over $5,000,000, should bring to Canada a larger return in terms of dollars and cents than would be possible under the existing rate of exchange? Is it of no advantage to the fishermen to obtain that increase? I have worked it out here and on these two items alone it would mean to the fishing industry an enhancement of their returns by over $750,000.

Then, Mr. Speaker, the hon. member turned to the Minister of Finance; with a very solemn look on his face he leaned towards the minister and said: "If the minister wants to help the fishermen of the maritimes why does he not deny licences to trawlers?" That seemed to be a very solemn and a very im-

portant matter in the estimation of the hon. gentleman. I took the trouble to look up the facts, and I find a very interesting record in this regard. I say to the hon. member, and in his absence I say it to his leader who was then leader of the government, why when they were in office and when this matter came before them did they not give the relief which they now very seriously tell the Minister of Finance ought to be given the shore fishermen? What are the facts? "Save the shore fishermen," says the hon. member for Shelburne-Yarmouth, "by refusing licences to the trawlers." In 1927, at his instigation, a royal commission was appointed headed by Hon. A. K. Maclean, now of the exchequer court. In 1928 that commission reported; four of the members were against issuing licences to trawlers, with the chairman dissenting. No action was taken. Where was the hon. member for Shelburne-Yarmouth and where was the government of the day at that time? They appointed a royal commission which presented a majority report, but they took no action whatever. Now they come forward and say this government is derelict in its duty in not refusing to grant those licences.

Furthermore the hon. gentleman, who is an able lawyer, drafted order in council P.C. 2196, dated November 2, 1929, which provided for the collection of one cent per pound for fish caught by trawlers in the maritimes. They were allowed to go on and no attempt was made to collect this fee until this government came into office in September, 1930, when the case was taken to the exchequer court. In that court the validity of the order in council was called into question and was thrown out as far as that tax was concerned. It was found to be ultra vires of this parliament. The hon. member who was chiefly responsible for drawing it up claims to be an able constitutional lawyer and when he drew it up he must have known that the order in council was not valid. My hon. friend, his leader and his colleagues in the previous government simply kidded the shore fishermen of the maritimes. There is an old saying in the law fraternity that when a man comes into court he must come with clean hands, and it ill behooves the hon. member for Shelburne-Yarmouth to twit the Minister of Finance upon the question of trawlers. The record is there to be seen by anyone who wishes to read.

I come now to a very important question to which I intend to give the closest attention. The hon. member criticized the government very bitterly for the assistance given in the stabilizing of the wheat market. When he referred to this matter the hon. member for Quebec East (Mr. Lapointe) turned around and said that it was not hedging, it was gambling which the government had indulged in. This is too serious a matter to pass over lightly and I think the house ought to give it very careful consideration as it affects the life and welfare of the three western provinces.

This government has been faced with very serious problems in western Canada, one of them being that in connection with a drought which affected seventy municipalities and which lasted for three years. Large sections of the western provinces were affected. Another serious question which the government had to face was the collapse in wheat prices. Had it not been for the action taken by the government, of which I shall give a full explanation in a moment, the wheat market would have collapsed much more and prices would, I believe, have fallen to around the thirty cent level on the Winnipeg market. When we consider the problem of wheat prices we must remember that Winnipeg has become the most important price fixing centre in the world for wheat. The great Liverpool market is a buyers' market, but Winnipeg is the great world market for wheat. Chicago is no longer a world market; it is a great market as it handles the wheat for 120,000,000 people, but it is not a world market in the same sense as Winnipeg. The Winnipeg market is open and free for trading throughout the whole world.

When the hon. member declared that the action of the government was gambling and not hedging obviously he did not understand the action taken or the practice followed in connection with hedging on a market. The daily practice is that a purchaser, say the pools, a milling company, an exporting house or others, purchases a quantity of wheat, for instance, 1,000,000 bushels at the prevailing market price. The grain thus purchased goes forward to a central elevator at the head of the lakes or at Vancouver or to one of the storage elevators in the interior. If the transaction ended at that point the purchaser of the grain would be carrying all the risks of a possible fall in the market and to obviate or minimize that risk, the purchaser sells grain for future delivery. That is, he will contract to deliver wheat at some future time, usually three, six or nine months hence. Such sale is usually made at a price slightly in advance of the purchase price, plus storage charges, insurance, handling charges, et cetera. This is called hedging, or, in other words, insuring one's self against undue risk. It is not gambling but is the most conservative form of doing business. If such a practice is to be carried

on there must of necessity be willing buyers. If the hedging process is to be successful there must be willing buyers on the market to contract to buy grain for future delivery. In normal times there are many people willing to take the risk; they purchase these futures, or, in other words, enter into a contract to receive delivery of wheat at some future date for which they pay a margin down as an earnest of good faith. These contracts for future delivery are negotiable and may be passed from one person to another. The price paid is based upon calculations as to the likely price of wheat at a future date, such as May, July, October or December, the usual dates fixed for settlement of such contracts. These calculations are supported by the most minute information collected through various agencies as to the condition of crops all over the world, the amount of wheat available in exporting countries and the condition of supplies in importing countries. The most noted of these avenues of information are the International Agricultural Bureau at Rome, the American government agricultural department crop bulletins, Broomhalls, the Dominion Bureau of Statistics, crop reports as well as a large number of other agencies that gather information and supply it to the public. Up to this point it may be said that the practice is a normal one.

Mr. CASGRAIN: From what communication is my hon. friend reading?

Mr. STEVENS: I anticipated that some hon. member would be small enough to ask that question. For the information of my hon. friend I say that every word which I am reading was dictated by me merely for the purpose of accuracy and because of its importance.

Mr. CASGRAIN: I thought the minister was reading from a statement.

Mr. STEVENS: Other than one or two minor changes made in the text, not one word has been changed since I dictated this. I dictated this simply for my own protection and I am not leaning on anyone else.

Mr. CASGRAIN: I just asked if the minister was reading from a statement.

Mr. STEVENS: My hon. friend is not going to get away with it in that way. His suggestion was that I was incompetent to prepare this document.

Mr. CASGRAIN: Not at all. Generally the minister does not read from anything and I was asking what he was reading from.

Mr. STEVENS: It is my own.

Mr. CASGRAIN: I am glad it is his own.

[Mr. Stevens.]

Mr. STEVENS: Up to this point it may be considered that the practice followed was a normal one. Now the Dominion government's stabilization plan comes into the picture. Two or three years ago it was discovered that due to the collapse of world commodity prices and stock market operations generally, the buying of grain for future delivery had virtually ceased upon the Winnipeg grain exchange. In other words, the public was not in the market. This condition presented at once a very serious problem because the pools were bound to buy and take physical possession of the wheat of their members. This entailed very heavy responsibility and the financing was carried on by the banks advancing large amounts of credit to the pools. As the market was obviously a falling market, there were no contract buyers available and it became clear that unless some agency would carry the contract risks, the market would utterly collapse and the price of wheat would fall much below the level which it did reach. Recognizing this fact and appreciating the serious loss which would be entailed, particularly to the producer, the government authorized Mr. John I. McFarland, the head of the pools sales agency, to purchase grain for future delivery when it was necessary to do so in order to hold the market steady. This was done and the whole transaction was successful in preventing a further serious reduction in the world price of wheat, as Winnipeg has been the pivotal point of wheat marketing, influencing the price of wheat in the world markets. The result of this movement has been to hold the market steady and prevent the dumping of unusual quantities of cash wheat upon the market. It also distributed the marketing of wheat over a longer period of time. There are strong evidences that by holding the market reasonably steady for the past two years, this movement will prove to have been successful in itself, because it has given time together with natural processes, for the absorption of the tremendous overhang of 350,000,000 to 400,000,000 bushels in the hands of the United States.

During the past two months, the wheat market has been very steady, showing an inclination for slow but sure advancement.

The Dominion government, through this action, is not faced with any immediate loss, as we are able to carry forward these contracts and liquidate them only as market conditions warrant.

Up to the present it has not cost a cent to do so, and the possibility of liquidating the whole situation without a dollar of loss is not an unreasonable expectation.

Let me again assure my hon. friend (Mr. Casgrain) I had this written out merely for the purpose of accuracy owing to the importance of the subject and my desire to get before the house as clear a statement as I could give it on this very important matter. But I pause now to emphasize this, and I ask my hon. friends, particularly those from western Canada, to accord to a government at least some measure of cooperation and support when we make an effort of this kind, obviously taking some risks in judgment, for the purpose of holding steady the great wheat market of Canada which is one of the most important things affecting our economic life.

My hon. friend opposed the budget proposals. He opposed the reduction of the pound for duty purposes from $4.40 to $4.25. He opposed the exchange stablization scheme. He opposed reductions in tariff on some thirty items.

Some hon. MEMBERS: No, no.

Mr. STEVENS: He opposed increase in the excise on perfumeries, the increase in the income tax. He opposed the adjustment of the sales tax. He opposed the revenue tax on sugar and he opposed and denounced the tax on bonds held outside Canada.

Mr. MACKENZIE KING: Where does the hon. member find justification for saying that the hon. gentleman opposed reductions in tariff?

Mr. STEVENS: I find it in the amendment to the budget, where he says:

> They imply a continuance of fiscal and other policies which have not only signally failed to afford any solution of our national problems, but have been proven to have the effect of diminishing trade. . . .
> The increases in taxation proposed in the budget resolutions will fall most heavily on those least able to bear the burden thereof.

Then he winds up his amendment by saying:

> For these and other reasons, this house is of opinion that the present government no longer possesses the confidence of the country.

The right hon. gentleman rises in his place and asks: Where do you find any justification for saying that we oppose these? The right hon. gentleman does not like to see these items brought out individually.

Mr. MACKENZIE KING: I said justification for the statement that he was opposing reductions in tariff.

Mr. STEVENS: So he did.

Mr. MACKENZIE KING: No, he did not.

Mr. STEVENS: The hon. member for Shelburne-Yarmouth, in this resolution, cheered and supported by the ex-Prime Minister and all his followers, condemned everything that was in the budget. The right hon. gentleman will not find in that speech of March 24, 1933, a single word approving of anything the government has done or proposes to do.

Some hon. MEMBERS: Hear, hear!

Mr. STEVENS: Hon. gentlemen opposite agree. They say: "Hear, hear." The situation, however, is this, that in the proposals in the budget there are some points which we certainly realize will be distasteful to some of the taxpayers. That is debatable ground; it is ground on which one might expect divergent opinion. But there are in the budget some things which my hon. friends opposite dare not oppose and then face their constituents. They will express a wholesale condemnation of the government instead of indicating that so far as the effort of the government is concerned, in certain respects they give it their endorsation.

The reduction of the pound for duty purposes from $4.40 to $4.25, is it good or is it not? Is it in the interest of Canada and her relations with the British Empire or not? Which is it? My hon. friends dare not oppose that individually, but they condemn the government and all its works as a whole and would vote it out of office. Is the exchange stabilization capable of support? Will my hon. friends from western Canada whom I see over there, my hon. friends from the rural districts of Ontario, from the rural districts of Quebec, support this or will they not?

Some hon. MEMBERS: No.

Mr. STEVENS: They will not. That is their own lookout. As far as we are concerned, we believe it is in the interest of the primary producers. Will they support the increase in the income tax? They will not discuss it, but they will condemn the government that undertakes it. They will twit the government on being the friend of the big interests, although we are increasing the corporation tax from 11 to 12½ per cent. In their resolution they condemn us for doing this. The other day the hon. member condemned us in so many words for imposing the five per cent tax on earnings from bonds held outside Canada. He stood in his place, with the right hon. gentleman behind him, and said to the Minister of Finance that he warned him that this was not a very promising source of revenue and something that might result in

serious trouble for him. Perhaps I am a little mean in saying this, but my hon. friends have rather provoked it. I wonder: When the hon. gentleman made that utterance, was he speaking as a legal man from the great city of Montreal or as a friend of the poor taxpayer of Canada.

Mr. MACKENZIE KING: He was speaking as a member of parliament.

Mr. STEVENS: Well, on that occasion he was not speaking very wisely as a member of parliament.

Then the hon. gentleman, in order to cap the whole business, not only condemned the government for all these proposed taxes and its efforts in financing the affairs of this country, but he said: Let me remind the minister that the people of the United States only a few weeks ago turned the key in every bank from the forty-ninth parallel to the gulf of Mexico and from San Francisco to New York. What did he mean by that? Was he advising the government to turn the keys in the banks of Canada? He did not explain the statement, but he said: Here is courage for you; those people had the courage of their convictions, and he invited the government to exercise courage in this country. No other deduction can be made from the utterance, or its presence in his speech at all is inexcusable, than that he suggested that we should take our courage in our hands and turn the keys in the doors of the banks of Canada. Let me say to the hon. gentleman and his associates that no more calamitous thing has happened to the United States than the turning of the keys in the doors of the banks of that great country. As yet only a small number of those banks is open; many cities the size of Ottawa have only one bank operating.

Mr. EULER: They are nearly all open.

Mr. STEVENS: No, they are not; the hon. member is entirely wrong. State banks are not open at all; many of the national banks are not open and many of the federal banks are not open. But the point of the matter is this: not only was it calamitous for the interests of that country, but it has precipitated there a financial crisis which has already drawn into the maelstrom of ruin several of the great insurance companies. That brings me to the point referred to last night by the hon. member for Winnipeg North Centre (Mr. Woodsworth) who said: Why is this government interested in insurance companies? Why does the goverment, he asks, safeguard insurance companies when the people of this country are out of work? I wish the hon. member were in his seat because I should like to talk perhaps more plainly than I care to in his absence. But I would say this, that that is the utterance of a demagogue. It is a suggestion, and I put this to my hon. friends in the corner angularly opposite, that the actions taken by the government in the last year or two years, have been for the purpose of saving rich companies, and that on the other hand we are disregarding the welfare of the people.

Now what are the facts? In these insurance companies there are seven billions of dollars of insurance in force in Canada, including life insurance, health insurance, accident insurance, and all other classes of insurance, and included in the ambit of that enormous sum are hundreds of thousands, if not over a million, people insured. It represents the savings of hundreds of thousands of our people. It is their hope for the future should the head of the family be disabled or die, as the case may be. It is the economic lifeblood, shall I say, of hundreds of thousands of people in this country, and yet some of my hon. friends, the hon. member for Winnipeg North Centre and the hon. member for Southeast Grey (Miss Macphail) and some others advocate the disregard of our obligations in regard to bond interest and in regard to the payment of bonds, provincial and municipal, and yet, Mr. Speaker, those are the assets behind this seven billions of dollars of insurance in force in this country. This is the class of securities into which is poured the millions of dollars of premiums of the people of this country. They have twitted the Prime Minister over constantly talking about the credit of Canada, but if the Prime Minister was to listen to some of the arguments put to him in the past year in this house and disregard the credit of Canada it would mean the ruination, not simply of half a dozen or a dozen insurance companies, but of countless hundreds of thousands of poor people in this country whose savings are in the form of insurance premiums. These are things that it is well to keep in mind. If the credit of this country should collapse it would largely destroy the savings of these people to whom I have referred.

My hon. friend the member for Macleod (Mr. Coote) had a few words to say the other night, and I wish to say to him that with much that he has to say I do not find particular fault, but his chief demand was for a central bank. He wants a central bank, and he described that as a national bank owned one hundred per cent by the state. That is what he wants—a central bank owned by the state. What is to be the policy of such a bank? He says that its policy must be laid down in black and white. What is it? The

policy of such a bank would be that it should maintain price levels, he says. Let us look at that for a moment.

It sounds very simple and very attractive. My hon. friend says he wants a central bank owned by the state to maintain price levels. If one does not analyze the proposal very closely, there is an attraction about it because one of the things we want to achieve above everything else is the restoration of price levels for commodities in this country and throughout the world; there is no question about that. We want the staple commodities of the world to rise in price. I pause here to interject that there are really only two main schools of thought on the economic situation. One holds that the process of deflation must be continued until interest, wages, service charges, and rents are brought down to the low level of any and all the staple commodities. On the other hand, there are those, and I think in this school the government and those on this side of the house largely stand, who hope that there will be found, and that we can find, a method for restoring price levels and obviating the necessity of dragging down all these other things to the lowest possible level. On the one hand you have complete liquidation; on the other hand you have a restoration of credit, and when I say credit I do not mean some nebulous thing that is handed out without anything behind it. Credit is a tangible thing. It exists in two or three things—commodities, land, real estate and character, because character is very often used as credit. But there must be something tangible before any bank or institution will extend what is commonly called credit. Credit is not something that is available without anything behind it. So I say there are those two schools of thought.

My hon. friend from Macleod says, knowing that the proposal is attractive and appeals to the people, that the price levels should be raised. He says let us have a central bank. But it does not follow that a central bank would raise price levels. I have given the matter a tremendous amount of thought, so far as I am capable of doing it, and I confess that I do not see that a central bank would or could affect price levels to any extent. I do not. I say this—I said it in 1923 when the Bank Act was up for revision, I have said it many times since, and I say it again now—that we now have machinery under the Finance Act almost if not quite as flexible and effective as that of a central bank. But I do wish to point out that a central bank cannot fix prices; there is no doubt about that. Nor can it maintain price levels, because price levels are the result of world conditions.

Idealistic theories are pleasant things to trifle and play with, but some of us are more anxious to find out how to apply those theories. What we are anxious about is to find the mechanics—shall I say?—of many of these proposals.

I have spoken longer, Mr. Speaker, than I intended but I should like, if I might be permitted, to turn away for a moment from the realm of controversy. The opposition in a debate of this kind have certain duties to perform. They criticize the government, and I have no quarrel with them. I have duties to perform as well, and my duty as far as I am able is to present views representing a defence of the government's course and a justification for the action it has taken. Obviously our views will clash from time to time, but may I crave the indulgence of the house for a few moments while I say a few words of a non-controversial character?

I have attempted as far as I was able to defend the government this afternoon. I feel that in doing so I have been doing but justice to my colleagues, many of whom are carrying loads which I think few in this house realize. For a moment I refer to the Prime Minister, who is perhaps the pivotal point of a great deal of abuse from various parts of the country because he is not able to come forward with complete solutions not only for public problems but for problems almost of a private character. There seems to be a tendency these days to lean upon governments, and to expect from them a solution of even local or private problems. The Prime Minister is condemned for trying to maintain the country's credit. He is attacked for this and for that, and yet from day to day, without any sparing of his time or his energy, what he is seeking to do is to guide this country through perhaps one of the most perplexing times in our history, and doing it I believe from one motive only, and that is a high sense of public duty.

My colleague the Minister of Finance (Mr. Rhodes), and I know this from my contacts with him, is daily confronted with demands from provinces and from every part of the country for financial assistance to overcome difficulties which are entirely foreign to the duty and the constituted power of this government or of this parliament.

My hon. friend the Minister of Railways (Mr. Manion), to whom I want to pay a tribute in his absence, attacked the railway problem in this country two and a half or

three years ago in a most intelligent and vigorous way, and it is very largely as a result of his efforts that the improvements which have taken place in regard to expenditures have been achieved.

Then we have the Minister of Labour (Mr. Gordon). Who would envy him his task in meeting the problem of unemployment, a task which it is impossible for one properly to describe. I say the government have endeavoured, as far as we can from day to day, to meet the problems of the day as they present themselves to us.

May I say this: Canada is a democracy, is still a democracy and I hope will remain a democracy. But the success of a democracy depends upon the extent to which each individual unit which goes to make up that democracy discharges his or her obligation as a citizen of the country. I fear that in these days there is a tendency on the part of many citizens to lean too much on governments, whether they be municipal, provincial or federal, and to look for help and assistance where very often they could fend for themselves. Unless we can imbue the mass of the people with a sense of responsibility, then there is not much hope for this Canadian democracy.

But, sir, I have hope for it. I have confidence in it. I believe our Canadian democracy will overcome the difficulties with which we are confronted. Not perhaps to-day or to-morrow but as the days go by and as the people once more become fully seized of their duty and their sense of responsibility, these difficulties will be overcome. All we can do as a government is to confront our task each day, and to endeavour to the best of our ability to discharge our duties. All we can ask of hon. members opposite, all we can ask of provincial governments and others holding public positions in Canada is that they shall attempt to do the same. We do say to hon. members opposite —not that we are asking any consideration for our actions—that we do feel that there are tasks in which all of us can join in an effort to solve the problems with which Canada is confronted.

Hon. W. R. MOTHERWELL (Melville): Mr. Speaker, let me at the outset congratulate the Minister of Finance (Mr. Rhodes) upon the very acceptable manner—

Some hon. MEMBERS: Louder.

Mr. MOTHERWELL: If the house will just keep quiet I think I can get up steam soon enough. Mr. Speaker, I should like to begin over again, but as what I have said would come out of my forty minutes I do not think I shall. However, before the interruption I was congratulating the Minister of Finance upon the very acceptable manner in which he performed his somewhat difficult duty. We realize he had not a very rosy picture to present, but he did it well enough. Then, the hon. member for Shelburne-Yarmouth (Mr. Ralston) certainly displayed an ability to criticize the shortcomings of the budget. He levelled a devastating and withering criticism against the government, which the hon. member who has just taken his seat has not been able to break down.

My good friend the Minister of Trade and Commerce (Mr. Stevens) is recognized as one of the best parliamentary debaters, and for that reason he need not apologize for his inability to do anything. We never dreamed of casting any reflection upon his ability. When the whip of the Liberal party asked concerning the book from which he was reading, we were not casting any reflection.

I shall spend only a very few moments discussing some of the matters with which he has dealt. I shall not cover all of them because were I to do so my whole forty minutes would have expired. He indicated, first, that he hoped we were all wiser than we were last year at this time. There is not much evidence of increased wisdom as a result of experience either in the wide-world without or in the government of Canada, within. Certainly, that is so if we are to judge the government by its present policies. My good friend compares two years of trade—both of them Tory years. That is not a very effective comparison. Because one Tory year happens to be better or worse than another Tory year does not assist us in arriving at any intelligent conclusion. In order to make a somewhat better showing my good friend, the minister, adopts a new system of comparison altogether. Apparently, now, when values are down, comparison of values is not the right way. How does the business man value his returns at the end of the year? How does the farmer value his returns? Does he figure out the number of carloads of wheat he grows, or the number of dollars he handles? We heard so much of that kind of comparison last year that we are simply fed up on it. There is not one word by Tory writers about the small amount we are getting in return. In order to make it look better he transfers our trade figures from values to volume, and in that transfer shows evidence that, on that basis, we import more castor oil, more bologna and more nuts, than formerly. Then he complains that as the values are low, inevitably our revenues must be low.

He is trying to do the impossible when he attempts to convince this house and country that prohibitive duties produce revenue. At every convenient opportunity the government used the services of the Minister of National Revenue to jack up the pound to the necessary level for the purpose of making a higher price for duty purposes. They pegged the pound, increased values for duty purposes and then complain that they had not enough revenue or had not enough opportunities to impose higher duties and then wonder why our revenues are down. Their memories are very short indeed, Mr. Speaker. I would not have much trouble with even all the lesser points raised by the hon. member who has just resumed his seat as his futile efforts were quite laboured, but I shall have to turn to a discussion of other matters.

I shall speak first about the five or six good provisions in the budget. There are not many such, but there are a few. If I may, I shall also make one or two recommendations. Although my good friend does not speak in complimentary terms of our former recommendations, at all events I shall take my chance. In my view the appointment of a commission to investigate the monetary situation is good business. I have always taken the ground that the public have no right to expect any government to be a body of experts capable of dealing with every question arising. I am willing to concede all due credit to the minister, but I am suggesting that surely the government must have realized years ago that they did not know much about practical monetary problems and should have appointed this monetary commission two years ago. They may have had the theoretical knowledge, but they did not apparently know how to apply it. Yesterday the Prime Minister delivered a stirring address on currency, exchange, and so on, but how much of what he said does he carry out in the government of Canada, except what he should not, such as making the Canadian dollar hug the American dollar rather than the British pound.

Then there is the permanent elimination of the everlasting doubt about the duty on repairs to farm implements which is all to the good. The government jiggled that around, through the same Minister of National Revenue, to a point where the duty was as high as 25 per cent. However, it is now down to the old Liberal level of six per cent. If the repairs to an implement are only charged six per cent, what about the implement itself being reduced that low tariff rate? Some day this government perhaps will attain sanity and not be taxing the farmers to the hilt on the implements of production and losing much needed revenue at the same time. I venture that hope, but I am afraid their term of office will not be long enough to get around to it.

Then we have certain bearer bonds being taxed very properly under this budget. I am surprised that was not done long ago. And Canadian bonds bearing interest that is payable in New York funds has also been made to contribute five per cent to the treasury which is also looking for needed revenue where it can be found. You cannot take blood out of a stone or take the breeks off a Hielan'man. Then again we have in this budget the reduction of the pound from $4.40 to $4.25 for dumping duty purposes. I cannot enumerate all the little tariff changes. We will do that in the resolution stage. There are four or five little items concerning which I will say the government did fairly well, but they are eclipsed by the bad things in this budget As to the very thing that is apparently intended to be the best, the stabilization fund, when I come to that there will be a question mark, how it is going to work out, and why it was not extended to all the exports to Britain. We have no opportunity at this stage of discussing as we would like to this question of adjusting adverse exchange with the old country by means of a stabilization fund, or of bringing witnesses to find out who inspired this happy thought. If it came from the regular source, the advisers of the government, why did they not think of it long years ago instead of waiting until farmers and others were bled white by the adverse exchange, and at this late moment dealing with it through the questionable medium of the exporter. I think we should have the matter referred to the committee on agriculture and colonization, where we can call witnesses and find out why the list of articles is so circumscribed, and why the provisions are not extended to other commodities of much greater national importance than honey or maple products, although they are both delightful foods. Then if it cannot be shown before the committee that the government is justified in circumscribing the number of articles that come within the intended benefits of this fund, it should apply to all our exportable commodities. Although it is the same pound, the same reduced pound, that is used in every case, and consequently all suffer adverse exchange alike, all are not treated alike in having it adjusted. Of course it goes without saying that we will support any reduced duties,

—I do not think they are very important or they would have been read. But the bad things are so overwhelmingly greater than the goods things that when the vote comes we will certainly know which way to vote.

In order to get the proper setting for this blundering budget I will have to take the house back for a year or two. It is admitted that the government has made many heroic if futile attempts to aid agriculture. They have been both persistent and heroic but in large measure quite unsuccessful. I am going to recite some of these major blunders that have been made from time to time. I am not going to commend the government because they merely made the attempt to assist agriculture; the attempt to be any good must be successful and most of these heroics were foredoomed to failure from the very outset.

In the budget of June, 1931, the Prime Minister outlined some assistance that was going to be given to the wheat farmers by the railways absorbing five cents per bushel of the freight charges on Canadian wheat. That proposal was temporarily abandoned in favour of payment of this five-cent bonus to the exporter on all exported wheat. For two solid months less two days this Liberal opposition from early morning until dewy eve asked that this sum be given direct to the farmer rather than through the questionable medium of the exporter. It took us that length of time to convert the government to our view of the little likelihood of it never finding its way back to the producer, but finally the Prime Minister became converted and adopted our suggestion. Yet in the face of that conversion he now establishes a new fund all of which goes through the same exporter avenue that they themselves virtually condemned and departed from two years ago. And they ask us now to throw up our sweaty caps and cheer for an institution of that kind—last year's caps too, by the way, because we cannot afford a new one this year. But even after adopting the giving the five-cents bonus direct to the farmer, the government gave it to the farmer who needs it least, a Christmas box sometimes running up to $1,000 per grower and aggregating over $12,000,000, and then open a loan and collection department to deal with the poor fellow who had no crop; an order given and a note signed before they get enough to put in their eye and see any the worse for it. That is the kind of treatment the no-crop or little-crop farmers of Saskatchewan get, with respect to which the Prime Minister spoke with such eloquence on the first of July, 1931. A national calamity had struck western Canada, he declared. We were enthralled by his eloquence and humanity and what he was going to do for this calamity-stricken portion of Saskatchewan. But the Prime Minister is frequently great on profession and light on performance. He gave generously, to those who needed it least, and those who needed it most he treated in the way I have described and absolutely refused to distribute any bonus on an acreage basis so that it would reach those who had the misfortune to have no crop.

So we condemn the government on these counts; first, that the payment was first to be through the exporter; second, that when they did adopt the proper method they gave the money to those who needed it least and withheld it from those who needed it most, but gave them a loan and then within six months insisted on having half of it paid, although it was only contracted the previous six months. To-day those farmers, or many of them, are stripped barer than the day they were born because they were pressed to pay through the Saskatchewan relief commission on behalf of this federal government those loans and seed grain advances that they needed themselves to live on through this hard winter. The next blunder was the Stamp commission. I am in favour of commissions, but there are commissions and commissions. This was a good commission too, but before the report got through this house word went out that there was an appendix that should be taken out. Instead of using the proper surgical appliances to do it, instead of having a clever surgical operation, they asked us to tear it out ruthlessly with our bare fists. And it was torn out. Mine is in yet, because I want it to use before my audiences—I mean the appendix in my copy of the report, not in myself. Then we had the inquiry before the agriculture committee with respect to Garnet wheat. I do not know what possessed the government to take the attitude they did against one of the best wheats we ever developed. Our export trade shows to-day, and our customers on the other side say that there never was a time in the history of Canada when our wheat was more acceptable than it is at this moment. Yet we have 35,000,000 bushels of Garnet wheat, most of which goes to the Pacific as two Northern and No. 2 Pacific is one of the best selling wheats both in Europe and Great Britain to-day. However, I can congratulate my hon. friend the Minister of Trade and Commerce upon having seemingly receded from that untenable position, and having regard to that I will not press the point further.

Then as to the world grain conference and exhibition. The Minister of Agriculture (Mr. Weir) appeared rather to disadvantage in con-

nection with this matter, but I do not blame him. No doubt he was speaking for the Minister of Finance; that was easy to see, but in spite of their fumbling and backing and filling with this great enterprise I believe it is yet going to be one of the greatest events of its kind ever staged in the world.

Now we come to the Mr. John I. McFarland episode. We have been lectured on more than one occasion by the Minister of Trade and Commerce as to the proprieties we should observe in the house; we have been told that we should have more consideration and less curiosity as to Mr. McFarland's activities on the grain exchange. Well, Mr. Speaker, when the government appoints a gentleman who has the backing of the banks and of this dominion I think we have a right to know what is being done. Did you ever hear of the federal farm board in the United States doing business by the surreptitious, hole in the corner, star chamber methods which have been adopted by this government with regard to this wheat transaction originally taken over on behalf of the wheat Producers, Limited, the pool? In the United States, where a federal board was set up, everything was done in the light of day; everyone knew what was going on and everyone was glad when it was all over. The speculative wheat activities of the American farm board and the stabilization committees appointed under it, contributed I believe very materially to the defeat of the Hoover government. But we have been censured on more than one occasion because we wanted to know a little about what was being done by this autocratic government under the unemployment relief measure which was financed with money raised by Canadian taxpayers and we surely should know. Last April, almost a year ago, one or two hon. members from the west suspected for over a year and were pretty sure that Mr. McFarland was in the wheat future business with a line of credit and government guarantees, yet it was not until a year had elapsed that the hon. member for Willow Bunch (Mr. Donnelly), the hon. member for South Battleford (Mr. Vallance) and the hon. member for Weyburn (Mr. Young) made certain inquiries as to just how the matter stood. I have not time to quote many of these inquiries, but I will read the question asked by the hon. member for Weyburn and the reply given by the Minister of Trade and Commerce, and I need only refer to the admission later made by the Prime Minister (Mr. Bennett). I quote from page 2084 of Hansard for last year:

Mr. Young: Mr. Chairman, I have not the reference before me, but speaking from memory, and of course subject to correction, may I say that in the Financial Post of last week the statement appeared that when Mr. McFarland undertook to sell the 1930-31 crop he at the same time bought futures against it, and that as a result of his activities the government to-day is holding millions of bushels of future wheat which it cannot get rid of, except at a loss, until the price goes up.

This was not a direct statement; it was simply an interrogation in order that the Minister of Trade and Commerce might say what he thought of that rumour. Here is what he said:

Mr. Stevens: I do not know of a bushel of wheat held by the government, either directly or indirectly.

That was a year ago, yet last November the Prime Minister admitted from his place in this house that the government through Mr. McFarland had been in the wheat business for more than two years. I do not know how to reconcile these two diametrically opposite statements, nor am I going to attempt to do so; these two hon. gentlemen, the Prime Minister and the Minister of Trade and Commerce can settle it between themselves. They cannot both be true, however, and we believe we know which is the correct statement and that it is the Prime Minister's. We know that the government is not only in the wheat business to the extent of the wheat taken from the pool but that they have bought practically the same amount of wheat in order to stabilize the market and protect their own investment. Why conceal it longer? These facts are known. I was disposed to be lenient with the Minister of Trade and Commerce when I dealt with this question last fall; I took the ground that possibly he thought it better not to admit publicly what had been done for state reasons. In other words it was a little diplomatic tarrydiddler rather than a straight out and out whopper. Now we want to know when they are telling whoppers and when they are telling tarrydiddlers. From now on we will not know, so I think it would be well if the two ministers should settle it between them, so that we may know which is telling the facts and which the fancies.

What has been the reason for this secrecy? The government will get nowhere by trying to do a wheat future business in a backdoor fashion. No wonder wheat went down. People in other countries, sensing what was going on in Winnipeg, threw their wheat on that market and jammed down the price. That is why the wheat-marketing policy of the government only succeeded in driving the little fellow off the market and forcing wheat to the lowest point it has reached in three hundred years. Great is Diana of the

Ephesians; great are our political Dianas over there in the matter of holding up the price of wheat, not only in Canada but evidently all over the world. If this later stabilization proposition in this budget works out in the same way the minister will wish he had never introduced the proposal as the government is now heartsick of their wheat stunt. However, I will come to that in a moment. I will hurry along with this recital; it is not very pleasant but it is necessary in order to get the setting for the last step in the present budget in this ghastly array of blunders.

The next major blunder I have is the Ottawa economic conference. I think we heard of that in the early part of this session; there was some discussion of the so-called but delusive six per cent preference on wheat and the preferences on butter, apples, and other commodities. Why are these things passed up and disregarded, and excluded from the intended benefits of this stabilization fund? Is it because the government thinks some good has been done by Mr. McFarland, who tried to hold up the market but failed? Is it because they think the preference of six cents has put any lining in our pockets? They have not said so but they must think so or they would not dare pass by such important commodities as lumber, apples and all cereals. That is one reason why I want this matter referred to the agricultural committee. I think this is more important than the piffling milk investigation in which we are now engaged. We are getting a good deal of interesting information but we have no power to act, in my estimation; this is largely if not entirely a municipal matter, and in dealing with it federally we are just meddling in other people's business. So I hope the agricultural committee will try to redeem itself by considering a proposition like the proposed stabilization fund that is worthy of the ability that can be found among its members.

We had a number of other proposals to assist agriculture among them the Serkau proposition, that famous cattle deal with Russia. The government tried to put the opposition in the position of being in favour of Mr. Serkau's proposal. Certainly we were in favour of trying to sell cattle or anything else to any country under the sun that would pay proper prices. Of course many of Serkau's proposals were absurd, though I suppose they were made as feelers, just as dickerers often make propositions to feel out the prospective customer. I think the Minister of Agriculture came out at the big end of the horn; so far as he was concerned as he showed that he wanted to make a bargain and trade our cattle for Russian oil and other products, and for that he is to be commended. But his lord and master came along from mid ocean on his way home and snuffed out that proposition like a candle, after which the minister had to get into line. Why is it that we cannot deal or barter with Russia? When the Liberal government was in power we were jeered at for selling five or six thousand horses which were running about our prairies eating up good grass, and which had no particular economic value to us. That was a much more difficult time to deal with Russia. Why cannot hon. gentlemen opposite with all their financial ability do the same? So far they have failed to do so when our western and eastern farmers have large herds of cattle, both dairy and beef, ready to be sold. Russia is hungry for these cattle but the government will not permit the two parties to get together to make a bargain. Is it any wonder the government is going down in public estimation? Every day the sun rises and sets this government is going lower in the estimation of a vast body of the people of this country. It has got to such a point that the electors are rearin' to go and get at the ballot boxes. Nothing in the world will save their political necks, not even their confrères in the Co-operative Commonwealth Federation corner to my left.

The estimates also for agriculture, the first industry in Canada, were slaughtered this session in a manner which seemed to give some hon. members opposite a great deal of delight. The preceding government had pulled them up—it took some pulling—to where they totalled ten or eleven million dollars, but down they went with a slam to three and a quarter millions less. Public sentiment was so enraged that the government restored about three quarters of a million, leaving a net loss of two and a half million. This vote has been banged down again this year by another $400,000 drop. We are told further that $14,000,000 is going to be cut off all the estimates in order to make the budget not balance next year and doubtless this will mean a further pro rata cut for agriculture.

Having got over that phase, we come now to this precious budget itself. This country has seen a succession of blunders which cannot be paralleled in any other country having responsible government. As I have often pointed out, the Minister of Agriculture has no chance to make good. If he was the angel Gabriel and had all the agricultural knowledge in the world, without more support than he is getting from his colleagues he could not make

a showing for agriculture in Canada. I do not mean to say that he has no shortcomings himself, but I make that statement in justice to him.

I come now to the preferred products in the matter of exchange adjustments. I do not want anyone to think that I have anything against the tiny bee. I did a whole lot of work in my time to develop the bee industry. There is no more healthful and profitable way in which anyone can take the necessary saccharine requirements than through honey. This is more especially so since the price of sugar has been raised so greatly by this budget.

The next preferred item to which I shall refer is maple products. I think hon. members from Quebec will agree that the last government was the first one to give an official status to these products. About the last thing I had the privilege of doing when I was a minister in times gone by was to put these products upon an official graded basis. This action was met with the jeers of hon. gentlemen opposite. This statement will be confirmed by a reference to Hansard of 1929. The present government now seems to consider that these products should be put in the preferred list and others much more important left off. I intend to show the inconsistencies and the unaccountable way in which this government selected the list of thirteen preferred commodities. According to the official statistics, the average total export of honey to Great Britain during the last two years was about $180,000 and the average total export of maple products was $16,000. It must not be forgotten that these items are exported elsewhere than to Great Britain. Yet wheat and lumber, the exports of which are valued in millions and tens of millions, do not appear in this list. How are we to account for that? Our good friends on the other side have been scratching their heads and bringing themselves near to a nervous breakdown in an effort to find something agriculturally which will be acceptable to the people of this country and which will "show us the way out." Apparently someone came along to the government at the last moment with the bright idea of this stabilization fund. Such a scheme is not new. I have before me an article by Doctor C. J. Robertson of the international institute at Rome which appeared in Saturday Night, of March 25. This article shows that all the ventures including this stabilization fund scheme have been tried before and in other countries but have failed in their purpose. I have not the time to read this article, but that is its purport.

Why is butter excluded from the intended benefits of this stabilization scheme? I asked this question of the Prime Minister but all the answer I received was that we were not upon an export basis and our butter was selling at a higher price than it was in Great Britain. He stated that as none was being exported, there would be no exchange charges to pay. Does he mean that this government intends to keep our butter upon a domestic basis all summer? Is that the hopeless program which the government has for the dairying industry? I do not think there have been more than three and at the most no more than five years during the first half century when we were not upon an export basis in the summer. If we are to attach any value to the Prime Minister's excuse—that is all it was—as to why butter was not included in this preferred list, it must be that he does not expect that we will be exporting butter this coming year. That is a damaging admission; that is the way this government is going to develop dairying.

There are some novices in this country who believe that we should produce only enough butter and other commodities to meet the needs of our own country. Let us carry that contention to its logical conclusion. It is contended by some that we should produce only enough butter for our own needs and never go upon the export market, because of the fact that when we do we have to take about six cents per pound less than the present prices. Of course a few boatloads of butter would be permitted to come in from New Zealand in order to make sure of having sufficient. If that is sound reasoning why not apply the same kind of foolish reasoning to eggs, to bacon, to wheat, to lumber, to apples, and to everything else that we produce? If we grew just enough wheat for ourselves then we would not be bothered by this pestiferous exchange question. That would not be a very ambitious program for a young producing country like Canada, but the statement of the Prime Minister leaves no other conclusion to be drawn. Last year we went upon the export butter market about July 1 and I cannot understand why provision has not been made for similar action this year, the same as it was made in connection with cheese. That is my question and there is no answer. I will sit down and take the time out of my forty minutes if any hon. gentleman opposite has any reasonable answer to make. No, they have not an answer, because there is none.

Mr. BOYES: Will the hon. member permit a question?

Mr. MOTHERWELL: Yes.

Mr. BOYES: Does the hon. member not know that cheese produced in Canada and shipped to the old country has a premium over cheese produced in any other country and that it will be better that the bonus be allowed on cheese so that we may produce more and in that way have our butter kept in our domestic trade?

Mr. MOTHERWELL: That is splendid; it is an heroic attempt to do what none of the rest of the government benchers would dare to attempt, but my hon. friend has failed in it. I know our cheese has a premium of two cents and I know the reason. It has had that ever since the Liberal government adopted the grading system for it.

Some hon. MEMBERS: Oh, oh!

Mr. MOTHERWELL: Yes, that is the situation. Since 1928, in fact, since 1927, after the grading system was adopted three or four years, Canadian cheese had a premium in the British market over any cheese that came from other countries. What is more, from that time on the buyers in Great Britain would buy our cheese on the certificate, without even seeing the cheese, the same as was done with our wheat. I am not deriding my young friend; he has Tory nostrums from his older brothers. If what I say is correct—and it is—is not cheese the one best able to carry the load? It has a premium now of two cents a pound over any other cheese.

Mr. MALCOLM: The premium is being bonused.

Mr. BOYES: May I ask a question?

Mr. MOTHERWELL: No, I have given the hon. member one chance and he has failed. I am not complaining about cheese being included; I am complaining about butter being left out, and according to my hon. friend's statement, butter is the weaker sister of the two and therefore should not be penalized.

Mr. BOYES: If butter were being shipped to the old country, what price would it command?

Mr. MALCOLM: The hon. member should make his own speech.

Mr. MOTHERWELL: Less of course and that is the reason it should be in the preferred list. So much for those two articles. We have canned vegetables, canned fruits; tobacco, meats, animals. I wonder how long it will take at this rate to include all the exportable commodities we export.

Mr. MULLINS: Let me tell the hon. member—

Mr. MOTHERWELL: If I had time enough I would let my hon. friends talk until midnight, because the more they talk, the more they put their foot in it.

Mr. SPEAKER: An hon. member may, by resuming his seat, allow an interruption, but no one has any right to interrupt him without his permission.

Mr. MOTHERWELL: I do not know where I was, with all these interruptions. Oh yes; I think our tariff schedules will show that we have nearly 1,300 commodities capable of being exported, so at the rate of thirteen commodities a year it would take just one hundred years to reach the full fruition of the policy of this government in respect to this stabilization fund. If I have exaggerated the number of these commodities by putting them at 1,300, let us put them at one-half of that, or 650. In that case it would take fifty years to consummate that sort of progressive program to help agriculture in Canada. If that is too much, let us cut it in half again and it would take twenty-five years to cover the preferred list. But twenty-five years is too long to wait for this bewildered government to institute agricultural reform, that is not the way in which things are being done on the other side of the line. The Prime Minister is casting sheep's-eyes over there now himself in connection with the possible and, in fact, the sure advantage of reciprocity, so he should not object very much to my referring to it.

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, I know the hon. member (Mr. Motherwell) who has just taken his seat, will pardon me if I do not make any effort to follow him in the interesting remarks he has just delivered to the house.

I wish at the outset to congratulate the Minister of Finance (Mr. Rhodes) on the very able manner in which he presented his budget and the courageous budget that he did present under the most difficult conditions that have ever faced any minister of finance in this country.

I do not intend to follow anything that has been said on the budget. I do not purpose dealing materially with the budget as such;

I desire merely to present one aspect of what I conceive to be the financial and economic condition with which this country is faced and to suggest a line which I think we might follow in an effort to get ourselves and the world out of the difficulties in which we now find ourselves. I wish to refer to only one matter that has been spoken of, and that was by the hon. member for Shelburne-Yarmouth (Mr. Ralston) when he ridiculed the Minister of Finance, who, after stating clearly and definitely that it was the business of each country to do everything it could to maintain its own position, said that nevertheless the situation was now worldwide and not restricted to any individual country. I would rather take the position of the hon. member for North Bruce, the ex-Minister of Trade and Commerce (Mr. Malcolm), when he made this statement in the house a short time ago:

> In 1933, we are facing difficulties which have arisen, not through any action of hon. gentlemen at present, not through the action of the people of Canada but through the breakdown of the economic system of the world.

In its essential elements the crisis with which Canada in common with the rest of the world is faced is international, and it is only by international action that a remedy can be found. It is only by international action, if such may become possible, that civilization as we understand it is going to be saved. We are facing a problem, the climax of the period from 1914 to 1930, that can be solved only by sane, international action along sound economic lines. Mr. Ramsay MacDonald, speaking a short time ago at a meeting in London, made the statement that what was necessary in order to start the nations back towards recovery was a rise in world commodity prices, the freeing of world trade and the settlement of war debts and reparations, intimating by the third item that the problem was financial. I am not going to set my opinion against that of Mr. Ramsay MacDonald, but it is my opinion that before commodity prices can rise, before trade can be released, the financial problem must be dealt with. It seems to me that it would be impossible to suggest anything else when we compare the position the world is in to-day with that just prior to the war. The six nations now included in war debts and reparations—the United States, France, the United Kingdom, Germany, Italy and Belgium—expended during the war almost $85,000,000,000 in destroying the things which mankind had been creating for centuries previous to that time. Then, following the war, particularly from 1920 to 1929, the peoples of the world in all parts of it engaged in an orgy of extravagance unparalleled in history, and the same six nations added to their national and international burdens an additional $80,000,000,000, making a total of almost $165,000,000,000 added to their national and international obligations without taking into consideration their obligations, municipal, provincial, state and so forth, all over the world. To expect that that could happen without a situation ensuing such as that with which we are now faced, to my mind is to expect the impossible. It would be like saying to a man who has laboured all his life on the best farm you can find in this country: "You gather up all your machinery, all your furniture, all the equipment and everything you have accumulated during your life, and set fire to it, and then expect you are going to be just as well off as you were before." The thing to me is so utterly impossible that it is amazing for anyone to expect it.

Many remedies have been suggested. I shall touch on only one or two, and that very briefly. It has been suggested that we can get out of this difficulty by an inflation of currency, by something in the nature of a managed currency, by internal and external currency. But each of these remedies in my view is so honeycombed with difficulties and is so unsound that I do not intend to dwell on them. I shall deal with only one for a moment or two, and that is inflation.

What is it that has created our difficulties to-day? It is that we are living in the greatest period of inflation that the world has ever seen. The disease is inflation. In that connection I might quote a word or two which seems to me to touch the point very accurately. It is from the editor of The Annalist:

> How much is enough? That is the question which the inflationists have never been able to answer and never will be. Once started on its insane course, inflation becomes a wild monster, powerful enough to wreck the best monetary system ever devised by man, driving all kinds of business enterprise to destruction and business men to despair.

That has been the result of the inflation of the last nineteen years, from 1914 until to-day, and the inflation is just a photograph of the world's debts which I indicated a moment ago, obligations which it is impossible to meet unless some entirely new plan is evolved, something that we have not yet seen put into effect in any country that I know of.

But there is another way. Sir Basil Blackett, in one of the Halley Stewart lectures, made this statement, that every period of deflation followed a corresponding period of inflation. The usual method by which the world has got itself out of these periods of inflation has been by the hard toil of individual men and

women all over the world working back to the place from which they had slipped because of the inflation. I submit that the higher the inflation the deeper the deflation will carry you unless some means can be found by which it can be checked, and that, as my hon. friend the Minister of Trade and Commerce (Mr. Stevens) said in his speech this afternoon, is what the countries of the world are trying to find, namely, some way by which this downward slide of deflation can be checked and mankind can get back to a stable basis without the tortuous toil and suffering that will inevitably follow if we go to the full depths of deflation.

Mr. SPEAKMAN: Exactly; I agree.

Mr. NICHOLSON: Yes, we are gradually deflating, but the inflation of credit, the inflation of debts, individual, national, international, of every character, has been of such magnitude that if the world has got to work itself out by the old fashioned plan through its own efforts, then I shudder for future generations perhaps yet unborn. But is that necessary? I submit this—and I do it with some humility, because I am not the author, and I say so frankly—that I have on my desk here a book written by a Canadian business man presenting a plan and a formula for putting that plan into effect. some will say that because he is not a world-known author or economist, his plan essentially cannot have any value. Nevertheless I am going to put it to the house as nearly as I can in order that it may be considered, and perhaps the government may think it wise to put it into the hands of expert financiers and economists, with the aim of presenting it to the world economic conference which we hope is to meet early this summer.

May I say in passing, that notwithstanding all the slurs and gibes that have been thrown at economic conferences, the League of Nations and other international gatherings of the world's statesmen in an honest effort to get us through our present difficulties, I do not know where the world might have landed but for their efforts. They have not yet been finally successful, but just in the last ten days an effort has been put forward which is showing some signs at least of preventing another outbreak of war, which perhaps would be the last war.

The plan I have to submit to the house is the Revaluation of Gold. It is contained in a book written by Peter L. Robertson, and I want to give Mr. Robertson the whole credit for everything that I have been able to gather in this regard. His plan is not the revaluation of gold such as was suggested, for instance, by Professor Stephen Leacock, the mere adding of thirty per cent or some other percentage to the currency value of gold. His plan is a revaluation and a redistribution of the world's monetary gold on a basis which in my opinion will provide the means whereby there will be some hope of the world getting out of its difficulties. In this connection I put the question of war debts and reparations and international long term and short term debts ahead of any other problem which the world has to face before it can attempt to adjust international tariffs, if you will, or provide some means for a central bank, if you will. So long as that nightmare of war debts and reparations hangs over the European world it seems to me to be utterly hopeless to attempt to get those people to sit around a table and try to work out other problems with which, to say the least, they are not relatively concerned. Let me give only one instance. I believe that the world's war debts and reparations, the national and international long term and short term debts, can in reality all be placed at the door of one country, Germany. In toto they now amount, scaled down as they have been through the Dawes plan and the Young plan, to a total of $31,000,000,000, a sum which anyone who looks at the pages of history must realize is an impossible burden to place upon the German people. Until that is removed, stability in Europe cannot be hoped for. The reason I pin my faith on the Robertson plan, if I may so term it, is because it does provide for a way in which Germany can be relieved of this impossible obligation.

In order that I may be accurate I shall quote what Robertson states:

> The object to be aimed at by the revaluation and redistribution of gold—

Mr. SPEAKMAN: Did I understand the hon. member to say that under the present rearrangement Germany was asked to pay thirty-one billion dollars?

Mr. NICHOLSON: Yes, thirty-one billion —thirty-one thousand million spread over a period of sixty years.

Mr. SPEAKMAN: I think the hon. member is mistaken.

Mr. NICHOLSON: Perhaps I am; I give the figures subject to correction, but they are the latest figures I could secure.

Mr. McGIBBON: Were they not wiped out at the Lausanne conference?

Mr. NICHOLSON: But the Lausanne conference has not relieved European nations of meeting their obligations to the United States. In my opinion it is unreasonable to expect them to meet those obligations.

Mr. MACKENZIE (Vancouver): Is the hon. member not confusing war debts with reparations?

Mr. NICHOLSON: May I ask the hon. member this question: Unless they can collect from Germany, how are other nations to meet their war debts and reparations? Under the Young plan Germany was expected to pay twenty-seven billion dollars in sixty years. I may perhaps be a few million dollars out, but when it comes to the sum of thirty-one billion dollars, a million here or there on one side or the other does not amount to much.

However, in the revaluation of gold the objects to be aimed at are these: (1) Immediate liquidation of Germany's reparations' debts. If I have time I shall attempt to indicate the method proposed. (2) Liquidation of the allied nations' war debts to one another, and particularly to the United States. (3) Provision for the full gold covering of all currencies, inclusive of coins as well as notes. (4) Creation of an international gold coinage, which will terminate the exchange racket which makes international trade virtually impossible. (5) The removal of grounds for misunderstandings from economic causes. (6) The extension of similar advantages to all nations at the conclusion of the currency treaty between the original six nations.

I add the last object because in the plan put forward it is suggested that it be applied primarily to the six nations involved in war debts and reparations. I do not for one moment suggest that in every detail the Robertson plan is absolutely correct. I do say, however, that when it is submitted, as I hope it will be, to those who handle the details, the plan may be applied to all the rest of the gold standard nations, in the first instance. But if it cannot the methods proposed, I am satisfied, will carry it through. However, I must hurry on.

Any plan for the reorganization of world currency on a gold standard basis, and the wiping out of war debts and reparations must be simple, direct and easily understood during the period of negotiations, as well as during the period of its application. It must offer benefits to all the treaty nations in equal proportions and with hardships to none. May I pause to interrupt at this point by stating that many suggestions have been put forward to the effect that the way of escape, if I may use the phrase, is by redistribution of the present monetary world supply of gold. The plain fact is, however, that there is not a country in the world with sufficient monetary gold to cover the currency necessary to carry on its own business. There is not one country in that position. Many of them have such a small amount of gold, that it is but a mere fraction in comparison with the amount they should have. Any plan for the reorganization of world currency on a gold standard basis must recognize the principle that gold is the universal medium. It must reconstruct on a great international basis the very foundations of currency, of resources and credit, and banish the baffling intricacies of exchange between nations. It must embrace the immediate liquidation of war debts and reparations. It must be non-political, and must not include any contentious tariff considerations. The consummation of the plan must not be imperilled during the formative period or otherwise, by including a discussion on disarmament.

What does the plan involve? It is not, as I said, a mere fraction of increase in the gold coverage for the world's currency. It is a genuine revaluation. Is there any justification for that? Why should we revalue gold more than any other commodity in the world? In the first place it has taken the world at least from the time of King Solomon up to the present day to accumulate its present supply of monetary gold, plus that which has been used for industrial and ornamental work. I have a note, which I shall quote from memory, to the effect that since Columbus discovered America the total production of gold in the world for all purposes has been just about $20,000,000,000.

One other point. In relation to any other commodity you wish to name, what does the production of gold mean? If, for example, it were essential for the people of Canada in 1934 to double their production of wheat, live stock, iron, lumber, timber or any other commodity you like to name, it would be physically possible to do it. All we would have to do would be to make the necessary adjustments in labour, and we could double or treble the output of any single commodity, if it were nationally advantageous so to do. But what about gold? I know the suggestion has been made in this House of Commons that the government should employ a large number of unemployed men so that we might double or treble the output of our mines in northern Ontario. How long would it take to double the output of the Lake Shore mine,

for example, and what would we do if we did double the output? All we would do would be to produce gold on an absolutely uneconomical basis, and work the mine out in half or quarter the time.

What is required to bring a gold mine into operation? For every producing gold mine in the world there are hundreds and hundreds of splendid looking prospects which have never amounted to anything, and into which millions of dollars have been put, and no return made. The bringing into production of a gold mine is something about which very few people who discuss monetary matters have any understanding. There is no single commodity of which I can think which is so stable in its annual production, or has followed as steady development for so long a period, as has gold. In the last fifteen years, for example, the world production has varied from $385,000,000 to $415,000,000. In five of these years the production was over $400,000,000 and in ten it was below that figure. True, we have had evidence in Canada of increased production of gold, but it is equally true that there has been decreased production in other countries.

One other point: If we take the world's present volume of monetary gold we will find that it was produced on a wage level not one-sixth of the wage level prevailing in the gold mines of Canada to-day. Consequently, on the basis of its economic value measured in terms of the amount of labour which men must put into the earth to get the gold out, it is due to be revalued, just the same as any other commodity would be under similar conditions.

Now may I come to the formula? The plan is to revalue and redistribute gold. It is to be carried out on a basis that will be fair or as nearly fair as is possible to the countries that have a large amount of gold compared with those who have a small amount. With that in mind it is not possible to do it in one stage, because if you simply doubled the value of gold all over the world you would simply increase the discrepancy that at present prevails in the distribution of the commodity that stands behind the world's currency. If we are ever going to get back on a sound basis of international trade, we must find a yardstick that will be understood in every country in the world and will be the same in every country in the world. The Prime Minister, speaking here yesterday afternoon, indicated clearly some of the difficulties through which we have passed not only during this period but for a generation back; notwithstanding the fact that a large number of countries were ostensibly on the gold standard, strictly speaking they were not on the gold standard. The plan and formula suggested here is to have one hundred cents on the dollar in gold behind the currency that is issued. That will take care of world trade on the revalued basis.

But to come to the formula. The things to be taken into consideration in order that it shall be fair to all countries are: first, the present position; and second, economic needs.

Mr. LUCHKOVICH: May I ask a question? What is the ratio of revaluation?

Mr. NICHOLSON: I will come to that in a moment. Take the United States as an example, having regard to present position and economic needs. The following will indicate the theoretical estimate of the gold required by the United States to carry on her trade:

Actual gold in reserve.. ..	$ 4,364,000,000
Annual national income, $70,000,000,000, divided by 12, equals..	5,833,333,333
Combined export and import trade, yearly average over a five-year period, $8,629,000,000, divided by 4, equals..	2,157,250,000
Moneys not in use, population 122,775,000 at $30 each, equals..	3,683,252,850
Total..	$ 16,037,836,183

The present position is that if the United States carried on her trade on the basis of her currency it would be necessary to turn over her currency nearly 250 times in the year, or about once every one and a half days.

The plan under this formula is, first to have these six nations set up such machinery as they desire, and take over the monetary gold of the six nations on the basis of $40 an ounce. They will then redistribute it in this way: to the countries that contributed more gold in proportion than others a credit would be issued on the basis of $20.67 an ounce; a debit would be applied against the other countries, and the total would be reached in that manner. Without going into the minute details, because every member of this house either has or did have one of these books and can go through the formula for himself—I merely want to give an outline—at that point the gold would be revalued and distributed on the basis of 5 to 1. Lest anyone suggests that this is multiplying the world's currency by five times, bear this in mind; the world's currency in gold countries now is recognized as being on the basis of about forty per cent gold, forty cents worth of gold for each dollar issued, using the

dollar as an indicator. Under the new scheme suggested the plan is to have a dollar's worth of gold behind every dollar's worth of currency, consequently instead of five times all you really have is twice the amount of currency available, you are really doubling the currency of the six nations involved.

Mr. KENNEDY (Peace River): Would not that be a measure of inflation?

Mr. NICHOLSON: No, just the reverse. Inflation is to issue currency in excess of the gold basis—that is our present position. The whole world's currency is in the shape of an inverted pyramid. This proposal is to provide an international basis, and then all currency issued would be on that basis. It would be understood by all nations.

The next point I wish to touch upon is the means by which the world's war debts and reparations and long and short term obligations can be met by this plan. I will just give a very brief summary of the final situation, for my time is short. The war debts and reparations have been arrived at on the basis of compound interest. After gold has been revalued and redistributed and the new basis for world currency provided, what may happen is, either the debtor nations may say to the creditor nations: Will you accept cash for these debts on the basis of compound discount? or perhaps more probably the creditor nations would go to the debtor nations and say: We will clean up these obligations now outstanding on the basis of compound discount. Then what would the situation be? First perhaps I can take time to illustrate what the position would be before the payment of war debts. The United States would have in gold $19,000,000,000, France $8,000,000,000, Great Britain, $5,000,000,000, Germany nearly $4,000,000,000, Italy $2,000,000,000, Belgium $1,500,000,000. I omit odd millions; the figures are all available for any one who wishes to see them. Assuming the proposal were accepted that the creditor nations would receive the debts in cash on a basis of 2½ per cent compound discount, what would the situation be? The United States would have $19,379,000,000 in gold, less a loan that they might well make to the debtor countries of $9,000,000,000. But they would have also receipts from war debts and reparations and the long and short term loans due them from Germany. I will take Germany's position to illustrate the final outcome. To-day Germany stands with world obligations of $31,000,000,000, a sum absolutely impossible to pay, and all she has behind her currency is $300,000,000 in gold. If this plan were put into effect, if the nations can be got together to work this thing out—and I believe it can be worked out; I do not think it is in the slightest degree fantastic; it is absolutely sound on the basis of the commodity that the world has recognized as its basis for currency—then assuming that the nations accept these proposals, she would have $2,263,000,000 in gold behind her currency, and she would have one single long term commercial loan, or preferably a loan divided between the three countries with the largest amount of currency, namely the United States, France and Great Britain, of $9,000,000,000, something that, when she has been placed in that financial position, would be perfectly easy for her to carry and liquidate. This would relieve the whole world of this pressing nightmare of national and international debts and would lead the way to a new start in trying to find some plan by which we can get back trade and raise price levels, for we will never raise price levels until we put the people of the world in a position to buy. So long as we remain in this cramped, restricted position we will continue to go down the slide. In one quotation I have here from the editor of The Annalist that is put very well. We are acting as a man might act in the summer towards a small boy who complains of stomach trouble; the man simply says, "Eat another half dozen green apples and see how you feel."

I have tried to outline, Mr. Speaker, as well as I could the plan that has been suggested and the formula for working it out. I have studied this plan for twelve months; I see nothing in it that is not perfectly sound, and I submit it to the house now in the hope that the government may appoint a committee of the house to join with experts in considering the matter or that the government itself, before going to the economic conference or submitting any proposals there, may arrange for some group to study this problem and present a finding, in the hope that out of it something may come which will bring the whole world back to a sound basis and save humanity what it is very likely to suffer if we continue going down the decline.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

CRIMINAL CODE AMENDMENT

The house resumed from Tuesday, March 21, consideration of the motion of Mr. Casgrain for the second reading of Bill No. 46, to amend the Criminal Code (lotteries).

Motion negatived, on division.

RAILWAY ACT AMENDMENT

The house resumed from Friday, March 24, consideration of the motion of Mr. Reid for the second reading of Bill No. 50, to amend the Railway Act (rate structure).

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I support this bill and shall take this opportunity of answering some of the objections which have been raised to it. The argument of the hon. member for East Algoma (Mr. Nicholson) is so untenable that it hardly warrants a reply. It is easy to build up an argument based upon premises made to fit the argument rather than upon premises based upon fact, and that is what the hon. member did. He built up his argument upon the supposition that this bill would compel the railway board to cancel rates. We have no reason to believe that the Board of Railway Commissioners is composed of either fools or knaves or will be so composed in the future. The hon. member's minor argument was that the bill would compel a reduction of rates which would prove to be unprofitable to our railways already in the red financially. There is a wide difference between cancelling rates and asking that rates for the same commodity should be equalized for the same distance. It is extra discrimination when a low rate applies on a valuable product and a high rate applies on a low priced article. The rate for domestic wheat is considerably more than double the rate for export wheat, and by far the greater bulk of the wheat going to British Columbia is for export. The railways compete for this export trade, therefore it must be assumed that the railway heads, being business men, consider that this business pays. If the low rate business pays, surely the railways will not be ruined by handling more business at the same rate. As an illustration, let us assume that a trainload consisting of thirty cars of wheat is being shipped from the prairies to British Columbia. Twenty-nine cars are loaded with export wheat at the low rate. This business must be profitable because the railways compete for it, yet they say that they cannot carry the thirtieth car loaded with domestic grain except at a rate more than double what they are willing to accept for the bulk of the trade. That does not seem to be a logical argument. The hon. member argued that it would be disastrous to reduce rates but he should not forget that the railways themselves reduced the rates on export wheat.

The remarks of the hon. member for Fraser Valley (Mr. Barber) consisted mostly of a political attack upon the hon. member for New Westminster (Mr. Reid) who introduced this bill. I think such an attack was entirely out of place inasmuch as the hon. member for New Westminster did not give a political slant to his remarks. However, the hon. member for New Westminster is quite capable of taking care of that himself.

Now let us analyze and define the situation to see if there is any need for this bill. That is the manner in which we should approach a matter of this kind. A long time ago the rate on export wheat to British Columbia was much higher than it is at the present time, but it was still lower than the domestic rate. Representations were made and the export rate was cut down substantially but the domestic rate was not reduced at all. The spread was made still greater. That happened on at least one more occasion, and I am not quite sure whether or not there was a third deduction. The differential is now very great, being more than double. If it were right to have the differential as it was in the original schedule, it cannot be right to have that differential increased to the extent to which it is at the present moment.

From time to time the governments of British Columbia protested against this differential, but their protests were more or less in vain. This action was taken by governments consisting of different parties. In contesting these applications for reduced rates, I think the railways broke a very important law, that known as the law of diminishing returns. This law works as inevitably as the law of supply and demand. To put it another way, you cannot charge more than the traffic will bear. That is a well known axiom in railway or other lines of business. The result was that they killed the goose that lays the golden egg or, in this case, the hen that laid the golden eggs.

I have before me a communication from a well known businessman in the district I represent. This was written a few days ago and he states that a great many of the remaining flocks of poultry have been shipped out and he believes that not more than fifteen per cent are left. That is to say, there has been a falling off in the poultry flocks in that district amounting to eighty-five per cent. I can corroborate that statement from my own knowledge. I remember people who used to have two, three or four thousand birds but who at the present time have not a single bird. They have been cleaned out and absolutely ruined. This man says that eighty-five per cent have been cleaned out, and I believe he is correct. The railways have lost not only the shipping of feed which these poultrymen would need, but also the shipping of supplies and other accessories. There is also the very

profitable shipment of eggs back to Montreal. They have charged more than the traffic will bear and they have lost the business.

British Columbia appealed to the Board of Railway Commissioners on several occasions and, failing to obtain redress there because of reasons into which I will go later on, they took their appeal on more than one occasion to the Dominion government. I do not intend to throw stones at either the Conservative or the Liberal administrations, because they both seem to be guilty of having stalled things off. In 1931 a debate took place upon this matter, and the Prime Minister is on record on page 1794 of Hansard of that year. The Prime Minister stated that the Board of Railway Commissioners was a court and that he would hesitate to advise the cabinet to override or even investigate a decision made by that court. He stated that the law was such as to permit an appeal to be made to the cabinet but he used the expression that the cabinet were partisan and he did not think it a good thing to have an appeal taken from what was practically a court and put into the hands of partisan judges. Of course, a partisan judge is an anomaly in itself. I agreed with the Prime Minister upon that occasion and am so on record. In my opinion, such appeals should go to the supreme court rather than to the cabinet. As I say, the Prime Minister said that he believed the experts on the Board of Railway Commissioners were well qualified to deal with such a matter. I quite agree with him in that, but those men should at least be competent to deal with it. Perhaps I am using the wrong word; I do not mean that the members of the railway board are incompetent, but I think the legal expression is that they are not seized with the proper jurisdiction and therefore they cannot give a just decision. They have not the authority to do so, and that is what the bill proposes to give them. I am very sure, although if I were put to it, I could not prove it, that a former member of the Board of Railway Commissioners told me that we would not get justice in British Columbia in regard to that matter until the act was changed because it did not give the board authority to deal with the question. We also heard the hon. member for New Westminster (Mr. Reid), when he was speaking on this subject, quoting very freely from the report of the Duncan commission which was composed of able men. Not only did they say that this action should be taken, but they actually used the very language which the hon. member has largely introduced into his bill.

The Duncan report was considered to be and I suppose still is a valuable document. It was called the magna charta of the maritimes. I well remember the emphasis with which the opposition of those days insisted that it should be put into effect, and I think it was to a large extent put into force by the government of that day with, I believe, satisfactory results to the provinces concerned. If those men were wise and capable and their recommendations carried weight as they apparently did, why stop at the maritimes? Why, when they came to recommend something of material advantage to British Columbia, was it ignored? There is no question as to their view, because the hon. member for New Westminster put it on Hansard the other night. This bill gives the railway board the power which the Duncan report says they ought to have, and that is all it does, that power which a former member of the board said they lacked and which the Duncan report said in set terms, giving the exact language, they ought to have.

I do not think anyone has really tried to justify these rates; they have not done so openly at any rate, although they may have done so in a covert sort of way. These rates are too unjust for anyone to attempt to justify them. At this point might I mention a danger that has not been put forward before in connection with this legislation. On page 20 of the report of the last imperial conference will be found the resolutions of a general character adopted by that conference as distinct from the specific agreements. The first resolution they passed—at least it is placed first in the summary—is one regretting and deploring any system past, present or future, that the participating dominions might put into effect in the way of a bonus on their exported goods. They deprecated such action. I have in mind the Patterson scheme of bonusing in Australia and other plans of that kind. They pledged themselves at the earliest opportunity to do away with any system of bonusing of that nature. The spirit of that resolution would certainly be entirely antagonistic to imposing any more bonuses. Our present system of railway rates in British Columbia is a clear and definite case of bonusing exported wheat at the cost of domestic wheat. That conclusion cannot be got away from when you charge twice as high a rate for the one as for the other. That regulation is working a wrong in Canada to British Columbia, but it is also liable to cause very serious troubles in Britain itself because the people there are touchy; they are already asking that a duty be put upon Canadian products and this is an argument ready to their hand.

So we have the situation over a number of years as I have briefly outlined it. The appeal

of the British Columbia government and the various farmer bodies who appealed, finally reached the governor general in council in Ottawa, I think two and a half years ago. The government could have done several things: they could have granted the appeal; they could have refused it; they could have referred it back to the Board of Railway Commissioners, which course the Prime Minister hinted would be the one they would take if they did anything at all, or they could have continued doing nothing as they did for quite a period. But they did none of these things. There was a suggestion by somebody in the cabinet, and I more than suspect it came from the Prime Minister, because it was something that would suggest itself to his alert mind. I do not think it was the Minister of Railways (Mr. Manion), because I do not believe he would have thought of it. Someone suggested that instead of litigation, so to speak, the railways and the consumers should get together. This was not a bad idea at all, because, when you are in any way approaching litigation, it is always wise to compromise with justice to both sides. The only trouble was the method by which this was carried out. We often hear in the house charges thrown at the Prime Minister of being a dictator. Sometimes a dictator is a good thing; I only wish in this case the dictator had himself handled his original suggestions, but unfortunately he turned it over to the Minister of Railways, and the latter and the head of the Canadian Pacific, Mr. Beatty, sat in a poker game with British Columbia interests as the stakes and it was just too bad for British Columbia interests. Had the Prime Minister sat in at that game, I do not think we would have had Mr. Beatty walking off with the hair, hide, flesh and tail of the animal and leaving us with—well, what was left. To change the metaphor to that of the race track, the horse carrying Mr. Beatty's colours came in first and the British Columbia horse was not even in sight when the race was over.

Let me consider for a moment what Mr. Beatty got out of the deal. I could discuss first what British Columbia got out of it, but that could be put on the back of a postage stamp and still leave room for a gerrymandering redistribution map. It is more important to consider what Mr. Beatty got out of it. The first thing he got was the dismissal of the appeal. This was a fatal error for the government to make and a most unfair deal for British Columbia. Mr. Beatty stipulated and demanded—and he got away with it—that the appeal should be dismissed, not left as a protection for us in the future, not left even only as a means of enforcing the agreement which was merely a gentleman's one and not binding in law. The appeal should have been left at least as a club to guarantee the carrying out of the agreement, but the minister gave way and I think he made a fatal mistake. I shall give him full credit for one thing he did, because Mr. Beatty, a smart, capable, able man, was out to get one hundred per cent and a little bit more; he also demanded that this arrangement should be a final ending of British Columbia's claim, but the minister to his credit stood out and said that we must leave the door open. It will be open for British Columbia to start the case again, but we realize the enormous delay and expense that would be. It would take years—and that is not a figure of speech—and great expense to fight the case before the railway board, have it come here and then be stood over for a year or two before it was dealt with.

The second thing Mr. Beatty got away with was this: It is said that he met us half way; that he gave up half the differential. The answer to that is no, and again no, and a thousand times no; he did not do anything like that at all. He met us half way on grain alone. Our claim was for two classes: grain and mill feeds. Mill feeds consist of bran, shorts and middlings and they constitute by far the larger amount of the traffic involved. Let me explain. A hen eats wheat, shorts, bran and, to some extent, middlings. A cow does not eat wheat; it eats bran and shorts, and a hog eats shorts and middlings and does not eat wheat. The consequence is that the quantity of bran, shorts and middlings, that is of mill feeds, carried in relation to the quantity of wheat, will be in somewhat the same proportion as the size of the hen compared with that of the cow. That is not perhaps exact, but there is a far greater amount of mill feeds carried than of grain alone.

I see the word "screenings" was put in, and hence we have to raise up our hands and sing psalms and give glorification for being able to get screenings from the prairies at a reduced rate. Every British Columbia man knows that we do not import screenings from the prairies. We can get screenings at a very low price right out of the elevators at New Westminster and Vancouver. That is just a bit of window dressing.

It was right to cut the difference in rates in half. I think it should have been cut out altogether; that is the differential. Why is it not right to do it on mill feeds? There is no answer to that. The Minister of Railways pleads ignorance and says that he did not know that it was of so much importance. I

am sorry that he is not in his seat, but he cannot get away with that. I have a letter here showing that a large feed company in British Columbia wired him on February 24 urging him to put mill feeds into the agreement, and he replied that it was too late, that the deal had been consummated by order in council the day before the wire arrived. That is a mistake. The order in council was passed, as he says, on February 25, but it was not the order in council that implemented the bargain at all. The order in council simply dismissed the appeal. It may have been in consequence of the bargain, but the bargain itself is not expressed in that order in council. It is expressed in a letter signed by the two railway heads and addressed to the minister. Anyhow I have a copy of a letter in front of me which I wrote to the Minister of Railways dated February 2, urging the inclusion of mill feeds, and the order in council was not passed until February 25. The agreement was changed in another respect on February 15, thirteen days after the date of my letter. The minister told us in the house the other day that the agreement did not go into effect until March 10, so there was ample time to have adjusted the matter and to have included mill feeds as well as wheat because, as I say, on February 15 a change was made in the agreement.

I said that there was no excuse for such action, but that is going too far. I should have said no justification. There is an excuse and it was put forward by the Minister of Railways and by the hon. member for Fraser Valley (Mr. Barber). They said, and I presume they are correct, although we have not the correspondence, that the British Columbia government accepted this transaction, gave it their imprimatur, O.K.'d it as being satisfactory; but I ask these two gentlemen who say that the British Columbia government accepted that deal, did British Columbia itself accept the acceptance of its government? I do not think so. Did they consult anybody? There is no record. Did they consult the dairy or poultry interests? There is no record. An election is coming on very shortly in British Columbia, and the government will have many things to answer for, for many of which they are not to blame, but it will have a hard job explaining its action in giving consent to such a onesided agreement as that.

But it was not the only blunder which the British Columbia government made. As I said before, Mr. Beatty is a very astute man. He was out apparently to get everything he could out of the innocence of the Minister of Railways. He arranged the deal in the first place—the evidence is before me; I have the letters—that the agreement was to apply only to wheat of No. 6 grade and lower, and to barley of equivalent grades. I have been in the feed business for seventeen years myself, and I have very seldom used No. 6 for chicken feed at all. It is almost invariably No. 5 or No. 4. The quantity of No. 6 that I would buy in a year would not amount to much. Well, we were going to have this brilliant arrangement put through, confined to No. 6 wheat and lower grades, and it would not have been worth a snap of the fingers; and British Columbia government, so we are told, agreed to it. But thank heaven, apparently, there was somebody with more intelligence. Hon. Mr. Hoadley, a minister in the Alberta government, interposed and said: No; it is nonsense to make it No. 6 grade, it should be No. 4; and it was so arranged. Unfortunately the Hon. Mr. Hoadley, apparently representing largely the farmers, did not take the trouble to look into the feed question, or I suppose we should have got redress on that also; but we did not.

The next trick that Mr. Beatty took—he took twelve out of thirteen—was to arrange that the agreement would be in force for one year only, and then we have to go back to the old rate. True, the minister provided, and I thank him for it, that then we could begin all over again and go over the long and extensive route of going to the Board of Railway Commissioners and appealing to the government again, at the end of one short year. But the rate was to exist for one year only, and then we could reappeal and go over the whole ground again.

The next trick that Mr. Beatty won was a somewhat similar one. He arranged that the rate was not to come under the railway board, that it was not to be authorized by that board as all other rates have to be. No, this rate was put in a little division by itself subject to nothing except the railway's own good will or to a gentleman's understanding. Had it been arranged that the rate was to be authorized by the railway board, then at the end of a year the railways would have had to give reasons for changing it, but now they do not. The rate drops automatically, and then it is up to us to go through the whole performance again right from the beginning. I would almost call that a trick and a half to the credit of Mr. Beatty. There is no method of appealing against this thing. If we find that the rate is not being put into effect or that modifications are being introduced of their own conception, we cannot go to the railway board, nor can we go to

the government, because the government would say: We do not know what the interpretation was.

Last of all they arranged that nothing was to be any good, so to speak, unless there was a certificate. Just picture to yourself this situation. This is the way it reads:

> Agents will not apply these rates unless a certificate in duplicate signed by the Deputy Minister of Agriculture of the province of British Columbia is surrendered by consignee.

Remember this, that before he can give this rate the station agent in Saskatchewan has to have a certificate signed by the Deputy Minister of Agriculture of British Columbia certifying that the wheat or grain is to be used only for feeding stock or poultry or both. That certificate has to be produced in the railway station in Saskatchewan. That is where the rate is to be applied, at the point of origin. It is a silly regulation anyhow. What are you going to use No. 6 or No. 5 wheat for? To feed a Ford car, or to feed people, or to feed stock? The certificate is not necessary, and it hampers business. When I was in the business—I am not now—I very seldom bought carloads of grain by letter. I almost always ordered them over long distance or by telegraph. But now a man wiring to the agent in Vancouver to send a carload from Calgary or Medicine Hat would first have to write to the Deputy Minister of Agriculture in Victoria, go through a certain form of red tapeism, get the certificate, and send it on to the little station in Saskatchewan, and then get his goods shipped. Look at the delay and the annoyance, and what good would it be to anybody when they did it? I have a facsimile of the certificate here, and it says distinctly that it must be stated that the stuff is to be shipped by so and so at so and so, showing that it has to be filled out and produced to the railway station agent before the rate is put on at the point of origin. By the way it also says, and I must hand it to Mr. Beatty for this—I have one or two shares in his company and now I have more confidence in it when I see how able the man at the head of that company is—it says:

> No milling-in-transit, stop-off, or reassembling privileges will be permitted.

It is permitted in the case of every other kind of grain, flour and merchandise coming from the prairie. These stopovers are a regular thing; I have taken advantage of them myself. Many small dealers cannot afford to buy a whole carload from the prairies in one shipment, as their requirements do not justify it, and so they buy it in mixed cars in

Vancouver, and in that case I doubt if there would be any benefit in this at all.

Here is another doubtful thing in this gentleman's agreement which might be interpreted in different ways. I am doubtful if it would be of any use at all unless the importer was the man who actually fed the stuff to his own stock. The certificate must state that the material is for feeding live stock. I am somewhat doubtful whether that would apply in the case of a creamery company, or other dealer reselling. I think it might be narrowed down to poultrymen, and only poultrymen having a sufficiently large number of birds to buy a whole carload of wheat at once. I do not suppose there is a man in British Columbia who would be able or willing to do that.

These are only some of the difficulties I see. The Minister of Railways has unloaded this baby upon our hands. We are supposed to dangle it on our knees and look pleased. But the more I look at the baby the less I like it. I am doubtful about its parentage, and every time I look at it it has darkened in colour. I believe it will turn out to be a nigger before we are finished with it—a nigger in the woodpile. In view of all these things, which are capable of being checked and verified; in view of the fact that we have lost our appeal, and it will take two or three years to get it back; in view of the Prime Minister's definite statement to the effect that these matters were not for decision by the cabinet, and that if ever they reached the cabinet they would be sent back to the Board of Railway Commissioners; in view of the Duncan report, which says that the principle contained in the bill is necessary—in view of all these things it will be only justice to pass the bill.

In it the Board of Railway Commissioners are not compelled or given power to do anything wrong; they are only given power to do what one of them said was necessary. They are given power to do what the much-heralded Duncan report said was essential and right. That is all that is contained in the bill. If it passed nobody would be robbed or injured; the Board of Railway Commissioners are reputable men who would not lose their character or reputation over night. The board will take care of railway interests, as they have done in the past. Nobody would be hurt by the passing the bill.

I should like to see reconsideration by the government, so that the bill might at least reach committee. If there is anything wrong

with the details of it, corrections could be made in committee. I am convinced the spirit behind it is right. We need it; for many years in British Columbia we have waited for it. We have found out what is necessary, and we will not be satisfied until we get justice.

Mr. W. J. LOUCKS (Rosetown): Mr. Speaker, I notice that on March 7, 1932, there was a discussion concerning domestic freight rates on grain and grain products, and on that occasion I spoke. I believe I said something to this effect, that I wished the bill then before us had gone farther and taken in gasoline, and some other commodities I mentioned. I was referring more particularly to the commodities entering our province from Alberta. Upon that occasion I quoted rates to Delisle. I do not wish to criticize the previous speaker, but it seems to me he has been very critical of the concessions which have already been given. Probably those concessions have been obtained through the efforts of hon. members on this side of the house, along with those of the hon. member for New Westminster (Mr. Reid) who took a very active part in the debate. Upon that occasion I did support the hon. member, and intimated that I was not satisfied with it because it helped only the province of British Columbia. So far as we were concerned, there was nothing coming back. After the explanation given by the Minister of Railways and the fact that the representatives of the four western provinces met in Ottawa during the recess, I cannot help but think that the provinces were intelligently represented. I take it that they came to a satisfactory understanding, and so far as grains coming into British Columbia from the prairie provinces are concerned I believe a fair and reasonable adjustment was made.

The hon. member who has just spoken has mentioned a very excessive rate. I am not saying he is not right. But on the other hand I am convinced more firmly than I was a year ago that our export rate is probably the lowest in the world. I know whereof I speak when I say that our rates are lower than those of the country to the south of us. When in Montana some time ago I had an opportunity to check up, I found that the rate from Big Sandy to Minneapolis, a distance of about 1,000 miles, was 41 cents a hundredweight, whereas the rate from Delisle to Fort William, a similar distance, was only 22 cents, or only about half.

My impression is that if we press too far in the matter of domestic freight rates in times like these, when we are facing large deficits, there is only one alternative open to the managers of the railroad. If we insist upon a further reduction in domestic rates, they will increase the export rates. I think people in Saskatchewan and hon. members from that province in the house would rather leave the export rate alone than have it suffer for the benefit of the domestic rate. If we press unduly at this time that is probably what would occur. I wish to assure the hon. member for New Westminster that at a later date he will have my support, at a time when the management of the roads can show us that they have eliminated the deficits. We might take further action when the time comes—and I believe it will come—when these deficits shall have been eliminated.

One further observation: I notice that in the bill there is an intimation that power will be taken from the government. The hon. member who has just taken his seat referred to the opportunity we have of appealing through the Minister of Railways. If I interpret the bill correctly, upon its passage that opportunity will be eliminated. At the present time it is not. We can discuss it in the house; we have a say in it; influence can be brought to bear upon the management of the road. But in the measure before us that influence will be eliminated. I cannot quite understand the hon. member, because when the railroad measure was up only a short time ago he opposed it because it was taking control away from the government. To my mind that is the very thing he is doing in this bill—taking control away from the government. So far as British Columbia is concerned, I believe they should be satisfied with the adjustment that has been made. If there is any grievance it should come from the prairie provinces.

Mr. DEPUTY SPEAKER: The hon. member has already spoken on the bill; he cannot speak twice.

Mr. LOUCKS: I am sorry if I am out of order. I might say, however, I was on my feet when the hon. member got up.

Mr. NEILL: No; I waited for the hon. member.

Mr. LOUCKS: I got up, but you did not see me. However I am satisfied to take my seat.

Mr. D. M. KENNEDY (Peace River): Mr. Speaker, it may be that I shall be called upon to vote on this bill, and before doing so I should like to say a few words. I have always been in sympathy with the removal of the

differential on grain or other products moving westward. However this bill goes much farther than I think we ought to go in conferring power and responsibilities upon the Board of Railway Commissioners. Take section 2:

> The board may consider the question of what should be reasonable compensation under the circumstances, and may establish a rate structure in the interests of trade development and public policy, though such experimental rates may not at the time or of themselves give reasonable compensation to the railway companies.

Surely this parliament cannot hand over to a board of five members, which is really a subdepartment of the Department of Railways, the right to establish a rate structure in the interests of trade development and public policy. The words are very indefinite, and capable of wide interpretation. Such matters can only be dealt with by parliament itself. For instance we might have the Board of Railway Commissioners deciding to establish a rate to develop a certain industry in a certain locality. But we might have a tariff policy, or a financial policy, of an entirely opposite effect. Only that body which has the power of coordinating and weighing these various questions can properly determine and lay down policies in the interests of trade development.

Another reason why I am opposed to this bill is that if we were imposing on the railways of Canada, the privately owned as well as the publicly controlled railway, rates that of themselves admittedly were not paying rates, how long would it be before the Canadian Pacific Railway Company would be coming here and saying: Pay us our deficit? I do not think we could avoid that. While I do not agree that there is real justice as between domestic and export rates going westward from the prairie provinces to Vancouver, and while I have spoken in this house against that disparity, though I was not here to vote on the other bill—I think I was ill when it came up,—I cannot vote to confer upon the Board of Railway Commissioners such powers as are proposed to be given them by this bill.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I would like to make a few remarks in view of what has been said by some previous speakers who have taken part in this debate. Dealing with the remarks of the hon. member for Fraser Valley (Mr. Barber), I am sorry that he substituted personal innuendo for argument. I hope it is not merely to cover the fact that he will not support this bill just because it is introduced by me. After such an action I can now understand why British Columbia has long been left out in the cold, especially if that has been the past policy of many of its members.

[iMr. D. M. Kennedy.]

Mr. BARBER: You have been appointed spokesman for British Columbia, have you?

Mr. REID: Such expressions, in my opinion, lend strength to the cry of the people to-day who say: Away with all parties. That is somewhat to be expected, especially when hon. members instead of reasoned argument will indulge only in personal innuendos. I have been careful to avoid personalities; even to the Minister of Railways (Mr. Manion) I was fairly mild, although in a previous speech he had attacked me. In almost every speech that the hon. member for Fraser Valley has made since I came to this house he has introduced the personal element particularly against myself.

Mr. BARBER: I have only spoken once this session.

Mr. REID: Last session he did just the same thing. But I do not intend to imitate such tactics. I would have been very glad to support any bill on behalf of the people of British Columbia had he seen fit to introduce such a measure. It is regrettable that the hon. member cannot get away from that old political stuff and give fair consideration to a matter that is so vital to the province of British Columbia. I am not interested in the question of who gets the credit. He was so anxious to claim credit for his friends that I wonder why he left out his friend Leon Ladner who has been engaged by the province of British Columbia and paid by them. He was no doubt anxious that both the Minister of Railways and Mr. Leon Ladner get something, the one credit and the other the cash.

Mr. BARBER: What about your friend, Jerry McGeer, who got $60,000?

Mr. REID: He blames me for looking after the votes of the farmers. Last year he blamed me for looking for the votes of the labour men. I suppose that is his idea of a member who works solely in the interests of his constituency. At any rate I do not know how he gets the votes. Service, Mr. Speaker, should be the only thing that keeps men in public life. I resent very much, however, these personal attacks; they do not add anything to the dignity of the house. I have put forward this bill as well as the bill on freight rates in a straightforward manner and without personalities.

My hon. friend blames me now for changing my attitude. This bill I might say, was introduced after the other one was turned down —that was the bill I introduced asking parliament to grant to British Columbia the same freight rates it had granted first in 1897 and again in 1925 on grain and grain products leaving Calgary or Edmonton for points east. That was turned down at the beginning of this session. That being turned down, I then endeavoured to follow the matter up by asking that further powers be granted to the Board of Railway Commissioners, to permit of further appeals to them. It is well known to every hon. member of this house, and particularly to those from British Columbia, that British Columbia has spent thousands of dollars in appeals before the Board of Railway Commissioners. The case has also been before the governor in council not only during the term of office of this government but during the time the Liberal party was in power. Every hon. member knows that British Columbia has failed in those appeals, and we have been told by the board that we cannot hope to succeed by simply quoting the Crowsnest pass rates. It is futile for us to go before that board unless some further powers are granted to it. I was sorry the freight rate bill was turned down, and now it appears this bill is going to be turned down—at least they are blocking its going to committee where it could be properly discussed. I was not making a wild guess at something when I introduced this bill. This is the recommendation embodied in the report of the Duncan commission, which made a thorough investigation into the powers of the Board of Railroad Commissioners and who put it on record that that board had not the power to grant in the national interest any reduction in freight rates, but that it was desirable that they should have that power. That was the recommendation of that commission; it did not emanate from myself.

I notice that the hon. Minister of Railways in his remarks paid particular attention to the second paragraph but ignored the first paragraph entirely. It seems strange that he left that alone; it looks as if there must be some good in that section. He should at least have allowed it to go to committee. But he said that this bill might interfere with the present railway bill. That is one of the things I fear. I fear that when the present railway bill relating to the Canadian Pacific-Canadian National goes into effect, freight rates may be one of the matters to be controlled by the tribunal which is to be set up, and if so the matter will be very serious indeed.

Regarding the arguments made by the hon. member for East Algoma (Mr. Nicholson), they were so childish and simple that I hate to take up the time of the house discussing them. He said this bill was designed to take the control of freight rates away from the Board of Railway Commissioners. What nonsense, Mr. Speaker! Surely no one would advance that argument in all seriousness. It is plain that the hon. member does not know as much about the Board of Railway Commissioners as he does about timber and timber leases.

I should like to see this bill go to the committee, Mr. Speaker, where it could be amended if that was thought necessary. The principle and the details of the bill were recommended by the Duncan commission, who went fully into the whole matter of the powers of the Board of Railway Commissioners. They recommended that such powers be granted to that board. The bill is not mandatory; the board would have all the data before it. No one could go before the board and hope to have an appeal granted because of the fact that he lived in some remote district, and so pleaded for low freight rates.

I should like to have gone more extensively into this question, but it is almost nine o'clock so I will conclude by asking the government even now to allow this measure to get second reading and go to the committee for further discussion and, if necessary, amendment.

The house divided on the motion (Mr. Reid) which was negatived on the following division:

YEAS

Messrs:

Bertrand,	Howden,
Bothwell,	MacInnis,
Bouchard,	Mackenzie (Vancouver Centre),
Boulanger,	MacLean,
Bradette,	McIntosh,
Butcher,	Mitchell,
Denis,	Neill,
Deslauriers,	Reid,
Desrochers,	Roberge,
Dumaine,	Rutherford,
Gershaw,	Sanderson,
Girouard,	Stewart (West Edmonton),
Golding,	Taylor,
Goulet,	Urquhart,
Hall,	Weir (Macdonald),
Hanson (Skeena),	Woodsworth.—34.
Heaps,	
Hepburn,	

NAYS

Messrs:

Anderson (Toronto-High Park),	Belec,
Arsenault,	Bourgeois,
Baker,	Bowman,
Barber,	Burns,
	Bury,

Casgrain,
Chevrier,
Coote,
Cowan (Long Lake),
Davies,
Dickie,
Duguay,
Duranleau,
Embury,
Ernst,
Esling,
Fontaine,
Fournier,
Fraser (Cariboo),
Gagnon,
Gardiner,
Garland (Carleton),
Gobeil,
Gordon,
Gott,
Hackett,
Hanson (York-Sunbury),
Hay,
Jones,
Kennedy (Peace River),
Kennedy (Winnipeg South Centre),
Laflèche,
Laurin,
Lawson,
Loucks,
Lucas,
Luchkovich,
MacDonald (South Cape Breton),
Macdonald (Kings),
Macdougall,
MacNicol,
McGillis,
McGregor,
McLure,
Moore (Chateauguay-Huntingdon),
Mullins,
Murphy,
Myers,
Nicholson,
Peck,
Pickel,
Plunkett,
Robinson,
Rogers,
Ross,
Ryckman,
Ryerson,
St-Père,
Sauvé,
Séguin,
Senn,
Shaver,
Simpson (North Simcoe),
Simpson (West Algoma),
Smith (Victoria-Carleton),
Spankie,
Speakman,
Spence,
Spencer,
Spotton,
Sproule,
Stanley,
Stewart (Lethbridge),
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Tétreault,
Thompson (Lanark),
Weese,
Weir (Melfort),
White (London),
Wright.—86.

Mr. GEARY: I was paired with the hon. member for Laurier-Outremont (Mr. Mercier). Had I voted, I would have voted against the motion.

Mr. MERCIER (St. Henri): I was paired with the hon. member for Hamilton (Mr. Bell). Had I voted, I would have voted against the motion.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted, I would have voted against the motion.

Mr. HANBURY: I was paired with the Minister of Railways and Canals (Mr. Manion). Had I voted, I would have voted for the motion.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted, I would have voted against the motion.

Mr. JOHNSTONE: I was paired with the hon. member for Willow Bunch (Mr. Donnelly). Had I voted I would have voted against the motion.

[Mr. Reid.]

Mr. CANTLEY: I was paired with the hon. member for Richilieu (Mr. Cardin). Had I voted, I would have voted against the motion.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted against the motion.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the proposed amendment thereto of Mr. Ralston.

Mr. J. L. ILSLEY (Hants-Kings): Mr. Speaker, there are a few observations which I should like to make upon the budget. First of all let me say that of the seven budgets which I have had the privilege of listening to since I became a member of this house, the present one is the most disappointing, the most disheartening and the most depressing. I suppose many hon. members who came into this house for the first time after the elections of 1930 think it a usual thing for budgets to be brought down from year to year which disclose huge deficits, huge additions to the public debt, and huge increases in taxation. To those of us who sat in the last parliament and listened to the budgets presented by the late Mr. Robb and by Mr. Dunning, budgets which year after year disclosed large surpluses, large decreases in the public debt, and large reductions in taxation, the three budgets which have been presented by this administration since the elections of 1930 are nothing more or less than fiscal nightmares.

It is impossible within the forty minutes at one's disposal to deal with all the features of the budget, but I would not attempt to do so even if I had the time. This ground has been covered far better than I could do it by my esteemed colleague, the hon. member for Shelburne-Yarmouth (Mr. Ralston). The speech which that hon. member delivered on Friday last was a magnificent effort; I think it the ablest speech of his distinguished career. Able though he is, the Minister of Trade and Commerce (Mr. Stevens) could not succeed this afternoon in touching the salient points put forward by the hon. member for Shelburne-Yarmouth.

Mr. CASGRAIN: The poorest speech in his career.

Mr. ILSLEY: Before I deal with the few features of the budget which I think deserve some comment, I should like to say that we seem to be getting into the habit of regarding budgets not as financial statements of the government's intentions but as preliminary drafts only. In 1931 when the Prime Minister (Mr. Bennett) was Minister of Finance he introduced a budget which later on was very materially altered. The same was true of the budget of 1932 and it will no doubt be true of the budget of 1933. I have no objection to changes being made—the changes which have been made in the past have been good ones—but I do think it unfortunate that ministers of finance should get into the habit of simply getting up something and bringing it into the house by way of a preliminary draft and then having us go through the discussion in committee of ways and means with the idea of getting something out at the end of the session which may perhaps meet the requirements of the case. Such action misleads the business interests of the country because one does not know until the discussion has ended just what the budget actually will be.

I think this is all a vindication of the position taken by the opposition during the past two years that we in this House of Commons or in this parliament should not delegate legislative functions to the governor in council. Large powers are now vested in the governor in council under the various relief acts. These powers are such that the governor in council can deal with intricate and difficult matters, and if the manner in which the government will deal with them in council is exemplified by the manner in which they prepare their budgets, this House of Commons could certainly do a better job with the legislation of the country than could the governor in council.

There are a few and only a few provisions of the budget with which I wish to deal. The first is that relating to ex-service men. I want to read the part of the budget that deals with pensions. On page 3223 of Hansard of March 21, 1933, the Minister of Finance is reported as follows:

> In this connection, I may say that with respect to pensioners who are in the employ of the government and who are paid the salary of the position, action will be taken whereby the payment of pension will be suspended during the period of such employment. Where the full salary of the position is not paid, the pension payment may not exceed the amount of the difference between salary received and the established salary of the position. If the pension is greater than the salary, the employee shall elect either to be paid the pension and relinquish the position, or to retain the position and have the pension withheld during the period of such employment. This will be made applicable not only to the government service but also to boards or commissions whose activities are financed from the Dominion treasury.

The Minister of Finance, in a statement which he made last Friday, indicated that another statement might be made in regard to the government's intentions with respect to pensions, and from the newspapers I gather the impression that those intentions may be substantially modified. But we do not know that; no such statement has yet been made. Therefore I feel I would be derelict in my duty if I did not take the statement literally as set forth in the budget and submit to the house a few of the consequences that will follow if it is applied as it now stands.

There is, in the towns and villages of this country, a large class of disabled men, in receipt of disability pensions, who, encouraged by a provision that has been in the Civil Service Act since 1918 to apply for public positions, have done so and are now in charge of post offices and the like, in positions which give them a small return. A very common class in the villages and towns in the country is that of which the type is a pensioner who has lost an arm or a leg or has some other disability; he is getting a small pension and a salary of a few hundred dollars, and by uniting the pension and the salary he is able to support his wife and family. If the passage that I have read from the budget speech means what it appears to mean, that pensioner is to be put to a choice; he must choose between continuing to take the pension and continuing to take the salary, and if the salary is larger than the pension, this means, despite the statement of the Minister of Finance that the government has no intention of interfering with the sanctity of pension contracts, that this man will be deprived of his pension. It is not, I think, necessary to argue to the house the injustice of such a course. It is completely subversive of the whole principle underlying the pension legislation, and without labouring the matter any further, I feel sure that will be one of the budget provisions which will be changed. It will have to be changed if the justice of the case is to be met and if the obligations of the country to ex-service men are to be carried out.

Another provision of the budget about which I should like to speak for a few minutes, which will not be changed, and which I should

not like to see changed, is the proposal of the government to appoint a royal commission—

To study the organization and working of our entire banking and monetary system, to consider the arguments for and against a central banking institution and to make recommendations for reviving or supplementing our existing banking and monetary legislation.

My only comment is that that intention has been announced very late in the day. Had the government appointed a royal commission eighteen or even twelve months ago, I feel sure this country would be better off than it is to-day. In September, 1931, Great Britain went off the gold standard. At that time our currency went down in terms of United States funds. The British pound went down to a very marked degree and immediately currency became, if it was not at that time—and I think it was then—one of the burning questions before the people of the Dominion of Canada. Great Britain, realizing the importance of the question, had, before that, appointed the Macmillan commission, which had made its report on currency and monetary matters in the old country. Canada should have taken a similar course, or at least she should not have pursued the policy of laissez-faire.

I want to bring to the attention of the Minister of Finance the importance of the question from a practical standpoint. In the constituency that I have the honour to represent in this house, currency, the value of the pound sterling, is a matter of everyday conversation. As hon. members know, the largest single industry in my riding is apple growing and exporting, and when the pound sterling went down, as it did within the last shipping season, to between $3.55 and $3.60 in terms of Canadian money, our apple exporters suffered a terrible blow so far as their purchasing power was concerned. Consequently they have begun to ask and have been asking questions, and they have been taking a tremendously deep, not academic, but practical interest in this subject of currency. They had been brought up on the idea, I think, that gold should be the standard and that we should remain on the gold standard in this country. But when they saw that Great Britain went off the gold standard with results which apparently were not unfavourable; when they saw that the Scandinavian countries, Denmark, Sweden and Norway followed Great Britain off the gold standard; when they saw the Dominion of New Zealand and the Commonwealth of Australia taking steps to lower the value of their currency, and, finally, when they saw South Africa, the greatest gold producing country in the world, deliberately link its pound with the pound sterling, they began to wonder whether a policy of laissez-faire in currency matters was the proper one for this dominion. They saw that when our dollar went down in the United States, instead of this hurting them, it helped them, because the pound sterling went up in the Annapolis valley; they got greater returns for their apples. They wanted authentic information as to what this country should do; they desired to know whether it was just that debts—and the majority of them are loaded down with indebtedness to banks, mortgage companies and private lenders on mortgages—which were contracted when money was not worth very much, should be paid off in full in money which is worth a great deal more than when the debts were contracted. They realized that if our dollar became depreciated it would mean that municipalities and provinces, the dominion itself, and certain corporations in this country would have a greater burden of debt if they had to meet their debts in American funds, but they wondered whether that disadvantage would not be overcome by the corresponding advantage of an awakened business activity through inflation. It will be recalled that in 1925 in Great Britain the bankers, almost unanimously I think, were of the opinion that Great Britain, for the same reasons that the Prime Minister and the bankers of this dominion advocate what is called sound money to-day, should be brought back to the gold standard on a parity with the United States dollar. They did that against the advice of some economists who were regarded as radical and unsound at the time, but who since have been proved by universal consent to have been right. No one to-day contends that Great Britain was wise in going back in 1925 to the gold standard on a parity with the American dollar. It is a question in the minds of economists whether the policy outlined by the Prime Minister yesterday, and stated by him and the Minister of Finance in public addresses throughout this country and in this house, of what has come to be known as "sound money", is really a sound policy. But to these questions there has been no authentic answer, and I say that this government has pursued a wrong policy in keeping the question shelved. At the beginning of this session the Bank Act should have gone before the banking and commerce committee for revision in the usual way. The appointment of a royal commission at this late date will mean delay in the solution of this problem, and the postponement of any action whatever on this important question for another year at least. The commission should

have been appointed a year or eighteen months ago. I support the appointment of the royal commission, yes, but I say that the government is to be censured for not having taken long before this some step in relation to currency and banking and monetary problems.

I want to refer for a few minutes to the taxation provisions of the budget. Before I do so, let me say that the statement made by the Minister of Trade and Commerce (Mr. Stevens) this afternoon to the effect that the hon. member for Shelburne-Yarmouth (Mr. Ralston) and every member of His Majesty's opposition are opposing every provision of this budget by supporting the amendment moved by the hon. member for Shelburne-Yarmouth is not a correct statement.

Mr. MACKENZIE (Vancouver): It is nonsense.

Mr. ILSLEY: Moreover, there was a misstatement of fact by the Minister of Trade and Commerce this afternoon which I should like to draw to his attention. He stated that the member for Shelburne-Yarmouth approved of nothing in the budget, and in particular he mentioned that he was opposed to a reduction of the valuation of the pound sterling from $4.40 to $4.25. Now the hon. member for Shelburne-Yarmouth very distinctly stated in express terms that he approved of that. At page 3379 of Hansard of March 24, 1933, which contains the speech of the hon. member, he said this:

> I am glad indeed that the Minister of Finance has seen fit to alter the rate of exchange and at least to make the fixed rate at $4.25 instead of $4.40. That indicates two things, that he is recognizing, I think, the representations which have been made in this country, and also the representations which have been made from Great Britain; but I say to him that I do not think there is anything more fundamentally wrong than that exchange dumping duty which he and the government of which he is a member pledged themselves to remove as soon as possible after the Imperial conference.

There are provisions in the budget, of course of which we on this side of the house approve. There are provisions in every budget of which we approve. If I were asked to criticize the provisions of the budget which ensure that the holders of bearer bonds will pay income tax, I could not criticize that.

Mr. MACKENZIE (Vancouver): The suggestion came from this side of the house.

Mr. ILSLEY: Yes. Nor could I effectively criticize the provisions of the budget relating to the taxation of foreign investors, although there may be some objection to that of which I do not know. Indeed, if it is necessary to raise immense sums of money by way of taxation, we all realize that taxes must be imposed. I just have this to say about the general principles of taxation. The imposition of the sugar tax meant the imposition of a terrific burden, a forty or fifty per cent tax upon a necessity in daily use by the poor people of this country. It was the sort of tax that should not have been resorted to except in case of great extremity. What occurs to me is this, that perhaps that extreme tax should not have been resorted to until something more was done in the way of taxing more heavily the higher incomes. I realize that many of the higher incomes in this country are pretty heavily taxed at the present time, but the old argument that you must not take all of a man's income over a certain amount because that would deprive him of his initiative is now passe. The country is in such a condition to-day that I personally do not see any objection to taking the whole income above a certain ample exemption figure, and the government should have gone very far toward doing that before they had recourse to a terrifically heavy tax, forty or fifty per cent, on a necessity such as sugar.

Certain circumstances in connection with the imposition of that tax have embittered the people. A tremendous amount of profiteering is taking place in sugar from one end of the country to the other. I am in touch with the province of Nova Scotia, and the complaint is universal that in some way or other dealers laid in stocks to take advantage of the tax at once, and are profiteering on sugar to a tremendous extent, making large profits on the stock they laid in. That, sir, is all I have to say with regard to taxation.

I pass now to what I should like to speak about for the remainder of the time I propose to take, and that is the feature of the budget which is called by the Minister of Finance the agricultural stabilization fund. What is this agricultural stabilization fund? It is a high sounding term, but all it means is that an export bonus is to be paid to the exporters of certain commodities, thirteen in all, which go to the United Kingdom market. In order that the record may be complete let me read them:

> Animals, meats (including bacon and hams), poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey.

The exporter is to be paid the difference between the value of the pound sterling at the time of shipment or at the time of remittance and $4.60. If the pound sterling, for

instance, is at $4.10, he is to get 50 cents on every pound. That is to be done by order in council, not by legislation. The order in council is to be passed under the Relief Act, which had its third reading yesterday. The door is not closed, the Prime Minister says, to the admission of other commodities to the charmed circle. Persons who consider that they have a right to the same treatment for other commodities may come to the government and present their arguments for the passing of numerous other orders in council throughout the year admitting to the list of commodities which will share in the benefits from this fund the products in which they are interested. The position I take in this regard is the position which the Minister of Trade and Commerce this afternoon endeavoured to ridicule, namely that taken by the hon. member for Shelburne-Yarmouth. I believe the house will agree that when the Minister of Trade and Commerce read the remarks of the hon. member for Shelburne-Yarmouth they did not appear as he said they would; they did not sound ridiculous at all, but on the contrary sounded quite reasonable. The hon. member for Shelburne-Yarmouth said that the principle of bonusing industries and exporters is unsound, but if applied it must be applied equitably, fairly and equally. Surely that is an intelligible position. It is the position I have taken since 1930. If the Minister of Finance is sufficiently interested —and I do not know why he should be— he could look up the speech I made in September, 1930, in reference to the high duties being imposed by this administration. He will find that I said something to the effect that this country must be careful not to do as Australia did, that she must not protect and bonus herself into bankruptcy. I said that in 1930. At the same time I said, probably with the use of a slang expression, that if there was to be a handout it should be an all-round handout. I do not think that position can be successfully or reasonably assailed.

There is only one principle which can be applied to the bonusing of industries, and that is the principle of equality. Ever since this government has come into power, importers of farm machinery in my riding have been burdened with heavy taxes and heavy tariffs and have found it impossible to import machinery without paying vexatious dumping duties. The increase in tariffs was not as troublesome as the imposition of dumping duties. They found it impossible to take advantage of favourable terms offered them by American exporters. Manufacturers of spraying materials in the United States offered to take their pay in Canadian funds, but importers were not able to import because of the dumping duties imposed by this administration. About the same condition obtained in regard to fertilizers. I have watched the people in my district get poorer and poorer, their debts become greater and greater. I have watched the value of their produce go down and down until at the present time they are in very sad and distressed circumstances indeed.

Last fall when the Imperial economic conference agreements were laid before this House of Commons, promising advantages to the primary producers, and particularly to the apple growers, I felt constrained, due to the distress of my people, to support the agreements. However I want to say, and to say with sincere regret, that so far as the apple growing industry of Nova Scotia is concerned, and the apple growing industry in Canada as a whole, the promised advantages have not materialized.

I notice the hon. member for Digby-Annapolis (Mr. Short), the constituency adjoining the one from which I come, is in his seat. I remember that in an aside in the debate which took place he said that it would be worth a million dollars to the Annapolis valley. Probably the hon. member will remember making that statement; I am sure he would not make it to-day. It may work out that way in another year, but I am not sure about it—I hope it will. During the year which has passed, however, as indicating the results the figures are eloquent.

Mr. SHORT: The hon. member has just made reference to a remark I made. He certainly must agree that the apple exporters of the Annapolis valley are receiving a preference of more than a dollar a barrel on the 730,000 barrels which they have already shipped this year. The trade agreement has brought them in an extra dollar a barrel, has it not?

Mr. ILSLEY: I am tremendously surprised to hear my hon. friend make that statement, because the figures show that that is not the case at all. The effectiveness of the preference in the British market depends upon the extent to which American apples are kept off the market. Let me give to the committee a few figures to indicate the extent to which they have been kept off. The exports of United States apples to the United Kingdom for the season up to March 11, 1933, show a decrease of 43 per cent on barrels and 25 per cent on boxes. But the crop in the United States during the past year has been much below normal. The crop for the 1932 season

was about 85,000,000 bushels, while the crop for the 1931 season was 103,000,000 bushels. In 1930 it amounted to 101,000,000 bushels. Not since 1929 do we get a comparable crop figure. In that year the crop of the United States was 86,500,000 bushels, of which were exported to the United Kingdom 953,000 barrels. The export this year was practically the same, or 983,140 barrels up to March 4, 1933. The box shipments were somewhat less. The figures show for the present season that box shipments from the United States total 1,929,326 boxes, whereas in 1929 they were 2,654,000. So that the shipment to the United Kingdom market has been about normal during the last year

With regard to price I happen to have under my hand a report from J. Forsyth Smith, Canadian Fruit Trade Commissioner, in which the statement is made:

> Actually there was no shortage of supplies and no rise in wholesale prices, which continued to be lower than normal. As far as retail prices were concerned, the effect observed was the reverse of what the fruiterers' organizations had anticipated and the great mass of medium class fruiterers found it necessary to stimulate trade under generally depressing conditions by shading their profit. Whereas, therefore, one had been in the habit of expecting six pence per pound, to be about the minimum for boxed apples. This was no longer the case and prices of four pence and five pence per pound were by no means uncommon.

It has been the experience of apple growers in the Annapolis valley, from which I come, that the amount received during the past season for their apples has not been sufficient to meet the cost of production.

Mr. SHORT: They got four shillings sixpence per barrel more than the Americans did.

Mr. ILSLEY: Mr. Speaker, it would take too long to refute that statement with mathematical certainty, but all I can say is that it simply is not in accordance with the facts. Everybody in the Annapolis valley, and I think the hon. member himself knows it. In the selection of the thirteen commodities, why has the government not included apples, one of the commodities we would expect to find near the top of the list? We are told that we are getting four and a half shillings per hundred pounds in increased price on the British market. As a matter of fact we are getting nothing of the kind, because the operation of supply and demand, in the absence of an effective prevention of American competition, has brought the price down on the British market. Now, sir, I have turned over in my mind as carefully as possible the principles which may have guided the government in the selection of the commodities to be included in this list, and I am at a complete loss to find evidence of any definite or consistent principle. In my humble opinion the list constitutes discrimination of the rankest kind. Looking at it on the basis of volume, it might be said: "Oh well, we have selected this list to encourage shipments that actually go; we have left off commodities that are not exported to the British market in any volume." Indeed that is what the Prime Minister said yesterday in regard to butter. But I find maple products on the list, the exports of which last year amounted to only $5,333; eggs, the exports of which amounted to only $3,972; honey, exports of which amounted to only $184,341, and other commodities not much greater in quantity of export. So the basis of the list cannot have been volume. It has been suggested that certain articles, apples for instance, were not included because they already enjoy a substantial preference. But I find on this list other commodities which enjoy a substantial preference, notably tobacco. Why should tobacco be on the list and apples be left off? It may be said that the list was selected with a view to helping the primary producers. But persons who should know inform me that there are on the list a number of processed products as to which the manufacturer or processor will get the benefit of the bonus while the persons who supply the products will not. The most notable instance of that, I am told, is bacon, and second to that I should say canned apples. Why are canned apples bonused, and evaporated apples and cider and concentrated cider and green apples left off? What is the basis of selection? I have made inquiry and I am told that the bulk of the fruits that are canned in this country come in from the United States; the canner sends the canned fruit to Great Britain and gets the bonus. About seventy carloads of pears were exported from Canada to Great Britain last season, while pears come from the United States to be canned. The pears that are shipped by the primary producers will not get the bonus, but the canners of American pears will get it, because canned fruits are on this list and fruits in their natural state are left off.

Then it may be argued that this is a relief measure; in fact the other night the Prime Minister said so. If it is a relief measure I can tell the Minister of Finance of a great many industries producing natural products other than those covered by this list which

are in a condition requiring relief. Or it may be said that this list is selected to give general benefits from one part of Canada to the other, well spread over the dominion. But that again is not correct. Coming from the maritime provinces, I have scanned this list to find what maritime province products are bonused. What are they? Nothing in any substantial quantity at all. So if the principle is geographic, the maritime provinces are left out of the distribution of benefits.

So I say the government cannot, in justice, leave this list of bonused products in its present shape. There is only one principle to apply, that is the principle suggested by the ex-Minister of Trade of Commerce, the hon. member for North Bruce (Mr. Malcolm), the other night: if you are going to give a bonus to any exporters to the British market you must give a bonus to all exporters; you must apply it across the board, all along the line. When I was in Nova Scotia about a week ago I was going over the condition of the apple industry with some of my friends. We were naming the fruit growers one by one; we knew their financial standing pretty well. This man, they agreed, could not come out, he was too deeply in debt; this one we thought might possibly pull out; the next we thought was good and would probably be good for some time to come. Some of my friends said: What could the government reasonably be asked to do to assist the apple growing industry of Nova Scotia? One gentleman suggested that the government might be asked to make up the difference between the present price of the pound sterling and par. But as soon as he suggested it he said he realized that that would be an unreasonable request, because if it were done for the apple exporters the government would have to do it for all exporters. To our simple old-fashioned intelligence it appeared elementary that you could not pick and choose and give a bonus to some and deny it to others, yet that is what the minister is doing. I say to the Minister of Finance as forcibly as I am able that the apple industry of Nova Scotia, and I think of all Canada, will resent the discrimination shown in the compilation of that list of products to be bonused under the proposed agricultural stabilization fund, and the government will incur tremendous unpopularity—I do not say that as a threat; it is simply a statement of fact—for they cannot justify that unjust discrimination in favour of certain exporters and against certain exporters, to the British market.

Mr. W. D. COWAN (Long Lake): Mr. Speaker, the outstanding feature of Canadian life during the past few years has been the splendid coolness which has characterized our people. We know full well, all of us on both sides of the house, including those in the broadcasting corner, that times have been exceedingly hard. We know full well that the whole world has suffered, and we know that the Canadian people have suffered with the others. We have had hard times, we have had privation, we have it yet; we are not yet quite out of the woods, although we are getting there at a lively rate thanks to the Imperial economic conference agreements and other measures of this government. Our people have behaved splendidly; there is absolute calmness everywhere. There has been no rioting, no revolution, no panics such as have characterized other places. Even a great nation of 120,000,000 people, supposedly the wealthiest in the world, has recently had banking panics. None of these have we had. As far as I know in Canada we have had only one stampede, namely the Calgary stampede; and the Prime Minister was there in charge of that so that everything was run on a sound money basis.

The coolness of the Canadian people under all these trying circumstances proves conclusively that they have great confidence in the powers that be. We find the people standing by constituted authority, believing as they do that those in charge in the various parts of the dominion will be true to their duty and that as a result we shall come through this depression quicker than any other nation and as satisfactorily as may be possible in the circumstances. And that is exactly what has happened. The people have confidence in their leadership. It is quite true that the Supreme Being is over us all, but when we come down to mere man we find right in this house a leader of the government who commands the admiration and confidence of the entire people, even though they do not always agree with him. Hon. gentlemen opposite know that the Prime Minister (Mr. Bennett) is the best man in Canada for that position; they will not admit it, but they know it. That is all I ask, and they can keep their knowledge to themselves if they wish.

It is true that we have this fine government, which has been of great benefit to Canada, but it is also true that some hon. gentlemen opposite, particularly those from Saskatchewan sitting in the third row, always make the most extraordinary demands. Those demands can be reduced to one word: money, money, money. You may call it assistance, relief, grants or what you will; when you come right down to it it is money, money, money, and

help, help, help. The difference between hon. gentlemen opposite and hon. gentlemen on this side of the house is that they are always asking for it and we are always handing it out as far as the treasury of the country will permit. We are doing; they are talking, and I would much rather be a doer than a talker

When we get down to that broadcasting corner, hon. members there are worse than the hon. members from Saskatchewan. They demand just as much money, but they want 27 per cent compound interest and they want it with arrears upon arrears. There is no limit to the amount they want. I wish Canada could meet all these demands, but I should like to remind hon. gentlemen opposite and particularly those in the corner that they have not submitted a single proposal designed to place a dollar in the federal treasury. My mother was a good old Scotch lassie; she used to say, "I will spend all the siller you give me but I want you to get the money first," and that is a mighty good principle. We must get the money in our treasury before we can pay it out.

Mr. YOUNG: Tell that to the Prime Minister.

Mr. COWAN (Long Lake): Let me say to my hon. friend that we have not much time to waste here, he and I. Three years ago I thought the hon. gentleman was the worst man in the house, but he has improved wonderfully. You know the old rule: The older you get the more experience you acquire; the more experience you acquire the wiser you become, and the wiser you become the more of a Conservative you are.

I feel sure, and I know what I am talking about, that Canada has handled this distressing situation better than it has been handled in any other country in the world. It may be that to-day the United Kingdom is leading the world; it may be that France is able to keep all her people employed. She has a great many men in her army, which may account for it. I do not know whom they are going to lick next, but in any case, apart from those two countries Canada has beaten the world. The relief situation in the United States has not been handled as it has here. I lived over there for some years; I know something about that country and I have many correspondents there. All I have to say is this, and if it is out of order I hope the Speaker will check me up: Thank God I am a Canadian. If that is not in order I am sorry.

Mr. YOUNG: Withdraw.

Mr. COWAN (Long Lake): I know hon. gentlemen opposite say that their general policy is to reduce tariffs and so increase trade. Oh, what an easy thing to say! We can reduce our own tariff; we can wipe out every factory in Canada; we can have every blessed thing manufactured in Christendom dumped into Canada if we wish. That is our privilege, but I should like to know what hon. gentleman opposite controls the United States. Does anyone? Can hon. gentlemen opposite tell me how we are going to make the United States reduce its tariffs? There is Mussolini; go to Italy and order him to reduce tariffs in order to permit the entry of Canadian goods. There is Hitler; go to Germany and tell him to let Canadian goods enter. How can we export goods against these tariffs? Until hon. gentlemen opposite can show me some method by which we can get something in return for all we give I say their policy must be an absolute failure. The only tariff policy that could have succeeded under existing conditions was the policy enunciated by the Prime Minister, that of blasting our way into the markets of the world. We raised our tariff until now we have blasted our way into those markets. What has happened? We have blasted an unfavourable trade balance clear out of existence; to-day we have a favourable balance of $60,000,000 or $70,000,000. Now I suppose hon. gentlemen opposite will get up and say that since we have that favourable balance we should give it back. Is that their policy? How is that to be done, and to whom is that to be given? I should like to get some of that money myself. Hon. gentlemen opposite know their policy is absolutely foolish; they really do not believe what they say.

I am glad to see that my hon friend from North Battleford (Mr. McIntosh) is here. We all remember how in 1931 he moaned and groaned about the terrible conditions that existed in Saskatchwan. I called a boy and asked for a mop; I wanted to mop up the tears the hon. gentleman shed, but the boy did not know where they were kept. At any rate the hon. member groaned about distress and misery, but what happened? Shortly afterwards the hon. gentleman went back to Regina and attended a meeting of the rural newspaper association. In Regina we have a leading organ of the Liberal party, and my hon. friend could not refrain from letting the people know he was there. He gave an interview which appeared in that newspaper on October 10, and here is what he said:

> People have had a good crop, will have plenty of grain to sell, and also have stock on which to rely. Mixed farming, he says, is growing apace in the Battlefords and people appear to be happy and contented.

I would like the hon. member for North Battleford to tell me how a man can be both happy and miserable and how a woman can be both contented and discontented.

Mr. McINTOSH: The hon. member ought to know himself.

Mr. COWAN (Long Lake): Canada and the United Kingdom are both away to the good. I like the old motherland, the mother of parliaments. As Britain prospers so prospers the world. Get her going and the rest of us will follow. We will do very well to walk along side by side with the old motherland. The British business man is the best on earth, bar none. Other business men have more conceit, but when it comes down to the real thing, the British business man gets the business. That country is carrying on and is succeeding. Since the session resumed in January, not one word has been said about the economic agreements. Why? Because they are successful. I know it is unparliamentary to refer to previous debates, but if these agreements had failed in their purpose, hon. gentlemen opposite would have found five hundred ways of getting the matter into the house.

Mr. YOUNG: They have failed; they do not amount to a hill of beans.

Mr. COWAN (Long Lake): I will not pay any attention to the hon. member because no one ever does.

Mr. GOTT: The hon. member for Weyburn knows they have been successful.

Mr. COWAN (Long Lake): The following is an article which appeared in the Commercial Intelligence Journal:

> In agreement with the arrangements concluded at the Imperial conference at Ottawa, the "Importation of Canadian Cattle Order of 1933" was passed and became operative on January 17 last. Under its provisions the trade in Canadian cattle is made easier; certain unnecessary costs are eliminated, and restrictions on their landing and movement to markets, etc., that were not applicable to other cattle, have been removed. In consequence there has been established a more favourable opportunity for their delivery and sale in the United Kingdom.

That article was written by Mr. W. A. Wilson, Agricultural Products Trade Commissioner for Canada in Great Britain. Who is he? He used to be the dairy commissioner and at one time lived in Regina. He and I know each other mighty well. He is the rankest, most ripsnorting Grit that I ever met in all my life. He is a big sixfooter and he used to go around with a companion just as big as himself. They objected to the Tory doctrines which I was advocating and one day when it was thirty below zero they picked me up bodily, put me under the town tank and turned on the hose. I never was so cold in all my life; it was the worst dose I ever got. This just shows the type of man we have over there. Surely hon. gentlemen opposite will accept the opinion of a member of their own party who is right in the centre of things.

There is one thing I would like to say to whomever is leading the government. If we ever have a condition such as we had four or five years ago when a dozen so-called independents were able to take the government of the day by the throat and compel them to acknowledge them as masters, I am going to say to my leader—I would not care whether or not he liked it—that I would rather vote Liberal than put up with such a condition. I do not believe in that kind of government. I, for one, object to these independents getting us by the throat. A short time ago the hon. member for Winnipeg North Centre (Mr. Woodsworth) spoke in Saskatchewan and he is reported as follows in one of the Saskatoon papers:

> Success of the Independent Farmer-Labour movement depended on Saskatchewan, said Mr. Woodsworth. It was the key province and must swing into line.

When he comes out with his "must" he is going to find me on the other side. The people of Saskatchewan are not going to be driven in any such way. Apparently this new group has selected Saskatchewan as its centre, but they will never succeed. Why? The combination of labour and farmer is an absolutely impossible one. They say that the combination is possible because the farmer employs labour, but I do not agree with that statement. What price are they going to exact from the farmers of Long Lake? They might as well tell me now because they will have to tell it on every platform in that constituency. Here is what the president of the Trades and Labour Congress said when speaking in Calgary:

> It is a disgrace for any municipality to offer to keep the wives and children of workers, while at the same time forcing the men, their lawful bread-winners, to work for farmers at slave wages.

He is suggesting that the farmers of Saskatchewan and Alberta are slave drivers. I represent a constituency of farmers—thank heaven there is not a single civil servant in the whole constituency—and I know them pretty well. I want to say that the farmers of that section of the country are prepared to pay a reasonable wage to their employees at

any time, but they are not going to be held up as they have been. They have been bled right and left. Not long ago a taxi man who brought me to this building told me that he wanted to get back to Regina. I said: "Why do you want to go back there?" He said: "I want to get back to work on a farm". I asked him where he had worked, and he gave the name of the farmer. I said: "Why do you want to go back?" He said: "Because I get such good wages; I get $12 a day". I said: "What were you doing?" He replied: "I was running a tractor". He did this all summer until freeze-up. No farmer in Saskatchewan can afford to pay $12 a day, and yet a certain type of labour, represented by such people, come in there; they wait until they see a field of, say 3,000 acres of wheat all ready to cut, when the farmer has to hire help immediately or the crop will be lost, and they demand an exorbitant wage which the farmer has to pay. That is one reason our farmers are broke as they are to-day. That sort of thing must stop.

I do not believe the leader of the Labour party ever did a day's work in his life. I have; I served my time and worked and I can do it now. When I was in Philadelphia I was one of the officers of the Knights of Labour, which was then a powerful labour organization in the United States, and I believe I still have somewhere my card of membership. Therefore I know something about hard work. Some people will say that it is beneath the dignity of a member of parliament to admit that he has ever worked. The calluses are still on my hands from the cooper's adze and the carpenter's hammer. I will tell the house bluntly and plainly that I would rather have calluses on my hands and corns on my feet than bunions on my brain as some people have. I am opposed to that combination of farmer and labour, because they are out to exploit labour; they are out to exploit the farmer and they are going to do this if they can, but they will never get away with it in our province. They may get away with a certain amount of it, with the rag-tag and bob-tail, but the sane part of the population, the sane Liberals and sane Conservatives, will not stand for that kind of thing, and they form the great bulk of our population.

I see the hon. member for Temiscouata (Mr. Pouliot) is not in his seat, but he will probably read my remarks in Hansard. I want to pay him a compliment in regard to that series of questions which he put the other day; they entitle him to my gratitude and, I think, that of the whole of Canada. He asked hon. members in the far corner opposite about 200 questions which they cannot answer to save their necks. They may reply to two or three of them and by doing so they consider that they have answered them all. The hon. member twitted me with belonging to the Ku Klux Klan. I do not care if he did. Out of gratitude to the hon. member for the splendid series of questions which he asked in opposition to that broadcasting corner group, I will tell him what I am going to do. I am going to send to Louisiana for the whole Ku Klux Klan outfit, if the Minister of National Revenue will allow me to import it free of duty; I am going to have it embalmed with me; when the hon. member reaches the pearly gates, he will find me waiting there and I will pull him in through the pearly gates, I do not care whether I get him in head first or feet first.

I want to ask a few more questions of the Farmer-Labour party. Let me read a letter from a man who is a farmer in a big way because he occasionally markets 30,000 bushels of wheat. He writes this letter which appears in the Liberal paper in the district of Long Lake, the Craik Weekly News. He addresses it to the provincial leader of the Farmer-Labour party. This is the letter:

> As Mr. M. J. Coldwell, leader of the Farmer-Labour party is to speak in Craik next Saturday, all who can possibly do so should attend, as he is an able speaker and has given much time to the study of socialism. And if socialism has something definite and practical to remedy the condition we are in, then that is what we want.
>
> So if Mr. Coldwell has the time to spare I would like him to explain the following things:
>
> The Canadian national railroad is owned and controlled by the people of Canada (socialistic), yet since taking over through slackness in operating it has cost the taxpayers of Canada 446 millions of dollars.
>
> The Saskatchewan wheat pool, owned and controlled by the people of Saskatchewan (socialistic) through lack of ability and business experience has cost the province $13,500,000.
>
> The Saskatchewan Cooperative Creameries—
>
> Started by the ex-Minister of Agriculture (Mr. Motherwell).
>
> —also owned by the people, through poor judgment and slack operating management have cost the province over $1,500,000.
>
> The Registered Seed Pool has cost the government several hundred thousands of dollars.
>
> The U.F.C. head office owes the banks around $60,000.
>
> These concerns are all managed along the lines of socialism; how is it they are all in debt and but for the assistance of capitalism would be out of business?
>
> How would socialism handle the Calgary exchange difficulty?
>
> When the socialists were in power in Great Britain with an able leader and a large majority, why was not national banking and national currency put into operation?

I want my friends in the far corner opposite and also those immediately opposite to note this final question. They are always talking about Russia and bartering with her:

Why is socialistic Russia, after being in operation for fifteen years, trying to buy cattle from the farmers of western Canada on credit?

That "on credit" settles the matter. This is an ordinary, everyday farmer; he is a good farmer, I admit, and he is a level headed man, but he is not the only level headed man we have in Saskatchewan. I wish I had time to go into the situation. The farmers out there are as level headed and as well informed as any you can meet anywhere. There are no better informed people in this country, and, as you can quite appreciate, they are not standing for any nonsense of this kind. A number of them in the Long Lake district have been deprived of their land by mortgage and investment and insurance companies. To-day Saskatchewan is taking drastic action. These investment companies have brought their own troubles on their heads; the position they are in is due entirely to themselves. In Saskatchewan to-day we have thousands and thousands of acres which have been taken away from the farmers by these companies, and what are they going to do with them? I would point out to the Minister of Agriculture (Mr. Weir) that these thousands and thousands of acres ought not be allowed to stand idle. They should be cultivated, otherwise they will be nothing but hotbeds for noxious weeds and all kinds of pests and insects. I would rigidly enforce the act relating to noxious weeds so as to compel the cultivation of every quarter-section of these lands, no matter what it costs the company.

But what are the conditions to-day? As I said to this house the other day, and I want to drive it home again now, in 1931 there were thirty-three states in the republic to the south of us which were absolutely drought stricken. The great American desert came into its own for a year. In those states that were stricken by drought there lived thirty millions of people, and they had made it a good country to live in, just as we have made Saskatchewan a good place to live in. But the drought swept over that country, and coming up to western Canada from Arkansas, Montana, Dakota and Idaho, it caught us. We could not stop those winds. But they have passed, and we may never have them again in our lifetime. Why should we be blamed, as we are being blamed, for a condition which is only temporary? To-day we have all kinds of snow out there, which we have not had for years, and it is quite evident to me that we are again back on the path to old-time prosperity, and upon that I am going to build.

Take this editorial from the Ottawa Journal —and it makes me sick. The editorial is headed: "Now We Can Believe Anything," and reads in part:

Out in Saskatchewan—of all places—the municipality of Harris not only is collecting no taxes this year but actually is paying to its ratepayers a dividend of two mills out of an accumulated surplus.

That is not unusual. The municipality of Pense, in the constituency of Long Lake, has no debt either. It was drought stricken for four years and it has got millions of dollars' worth of acres. A financier who has invested out there, referring to these conditions, says that something is wrong. He is not a socialist; he is far from being an extremist; he is a great financier. He says:

We seem to have reached the last line of defence in Saskatchewan, for when a farmer will come in with from four to eight clear titles for quarter-sections—

That would be from 640 to 1,280 acres of land:

—which he operates and which so far have never carried an encumbrance of any kind, these men are now offering part or all of these titles for sufficient advance to see them through their operating expenses for 1933, and find that neither the banks nor mortgage companies are disposed to entertain their agreement, then I think you will agree with me that matters have reached a very serious condition indeed.

A man would go out there and buy a quarter-section of land, and out of that make a farm, and when he was doing well he would buy another section, until perhaps he had four or eight quarter-sections all free of encumbrances, and with a good home, good buildings and everything he wants. But to-day when such a man in that area that was stricken by drought wants a few dollars he cannot get a cent from any of the banks or mortgage companies, and I say that something is lacking. We want somebody who will come between the banks and mortgage companies and the people, to enable our farmers to carry on.

I think my time is up, Mr. Speaker.

Mr. SPEAKER: The hon. member has two more minutes.

Mr. COWAN (Long Lake): Then in those two minutes I will speak of the Prime Minister. I am sorry he is not here to-night. I met him the other day and he said, "I am sorry I do not see you very much." The way I like to discharge my parliamentary duties, Mr. Speaker, is not to go near the ministers.

I would rather go to the men below, and discuss matters with them, and then when everything is completed I can get it across to the minister. I have known the Prime Minister for very long, for thirty-five years anyway. He and I drove a rig together in that western country, and we had a mighty good time together.

Some hon. MEMBERS: Time.

Mr. COWAN (Long Lake): There was no "time" when R. B. Bennett was speaking. I shall never forget the first speech I heard him make in the legislative assembly in denunciation of the government of the day. As he made his points, time after time he would bring his fists down on the desk until you would think it would break, as he cried, "Make things happen, make things happen, make things happen." That has been his principle all his life, and the man who cannot make things happen for himself is a mighty poor scrub.

Mr. W. H. GOLDING (South Huron): Mr. Speaker, in rising to make my first speech in this house I have that sense of embarrassment which I presume every new member has experienced; but there is an old saying that misery likes company, and there is some satisfaction in knowing that others have passed through the same ordeal.

At the outset I should like to say that I hope the hon. member for Long Lake (Mr. Cowan), who has just taken his seat, will not think me discourteous if I do not follow him in his remarks. As a matter of fact, I would not care to follow anybody in a debate who had made some of the remarks made by the hon. member.

I have heard it said, Mr. Speaker, that this House of Commons is a strange and difficult place in which to speak. I believe I can say I fully realize the truth of the statements I have heard to that effect. Many hon. members who now sit in this chamber have been highly honoured by their constituents by the fact that time after time they have been elected to parliament, with the result that they have spent many years in this House of Commons. Those hon. members in their extensive parliamentary experience have listened to the addresses of many other hon. members, and have heard many new members make their first speeches in the house. I appreciate the fact that those hon. members, with the experience of years behind them, are well acquainted with parliamentary procedure and with the many views which have been expressed on political problems. With those advantages they are therefore in a position to detect an error in a speech, whether it be simply grammatical or on a matter of policy. In view of these facts I appeal to hon. members not to be too harsh in their criticisms of what I may have to say.

The house is aware that as a result of the by-election held in South Huron on October 3, I came to this House of Commons. I am sure all hon. members regret exceedingly the circumstances which brought about that by-election. I refer of course to the unfortunate death of our honoured friend, the late Mr. McMillan. He was a man who to a marked degree had the confidence and respect of the electors of his constituency. Indeed, in making a personal canvass I was more than pleased to hear so many complimentary remarks concerning our late friend, remarks which came from people entertaining all shades of political thought. While all did not agree with his political views, yet they realized that his opinions were honest and sincere. From early manhood he had made a study of agricultural and political problems; indeed even at the early age of eighteen years I am told he was speaking from public platforms concerning these matters. For over fifty years he had taken a leading part in the public discussion of political problems. As the representative of the constituency which repeatedly honoured our late friend by electing him as its representative to the House of Commons, I take this opportunity of expressing my sincere thanks to the right hon. Prime Minister (Mr. Bennett), to my honoured leader (Mr. Mackenzie King), to the leader of the group to my left (Mr. Gardiner) and to all hon. members in the house for their kindly references at the opening of the session to the passing of our friend. I thank them, further, for their message of sympathy which was unanimously extended to his bereaved daughter, Miss Margaret. Let me assure the house that these kindly acts were appreciated, and I feel I should be remiss in my duty were I not to offer to all hon. members the grateful thanks of our people.

In regard to the budget which was so ably presented by the Minister of Finance (Mr. Rhodes), and which is now the subject of debate, I must say that one cannot but view with alarm the financial situation of our country which in the speech was so plainly indicated. Someone has been unkind enough to say that we listened to a typical Tory budget, and that the outstanding features were taxation, tariffs and deficits, with the emphasis on the deficits. I submit that it is hardly possible to discuss the budget and our financial situation without at least in a

measure referring to our position before this government assumed the control of affairs. Every hon. member will recall that in 1929 certain events took place which seriously affected business conditions. In the western provinces there was a partial crop failure; there was a market crash in the United States, and the depression which had existed in many countries was gradually creeping into our own. In 1930 these disturbing factors were still being felt, creating of course a certain amount of anxiety and unrest.

Our Conservative friends, then in opposition, were quick to note these conditions, and, regardless of the effect it would have upon the country, felt the time opportune for an appeal to the people. With that in mind they began clamouring for an election. On the other hand the Liberal party felt that the Dunning budget had been designed to cope with existing difficulties, and, believing in the efficacy of their policy as outlined in the budget, believing also that the Canadian people would appreciate the splendid legislation brought down by the Liberal administration, and the outstanding results which had been attained between the years 1922 and 1930, accepted the challenge, and the country was plunged into a general election.

The outstanding incidents of that election are still fresh in our minds. Practically every Conservative speaker traced the depression, only in its infancy so far as Canada was concerned, to the policy and legislation of the Liberal government. They condemned the government in every way, shape and form for not finding more markets and getting higher prices for agricultural products. They denounced the government in every manner, in spite of the fact, mark you, that this country had just passed through an era of unprecedented prosperity. The expansion of trade in Canada had been perhaps greater per capita than that of any other country in the world. Our Conservative friends, however, appealed to the people for the control of affairs. In order to obtain support they broadcast some of the most extravagant promises that were ever heard in any political campaign. I have no desire unfairly to criticize the Prime Minister or any other hon. member, I believe there is such a thing as fair criticism and I shall endeavour to keep within that limit.

I was deeply interested in and somewhat surprised at the remarks to-day of the Minister of Trade and Commerce (Mr. Stevens). I have not been a member of parliament very long, but for many years I have read Hansard, and I was just wondering, when he was complaining about criticisms which had been made, if he was the same hon. member who sat on the opposition benches and criticized so severely the late Liberal government. Was he the same hon. gentleman who during the election campaign criticized the Liberal government so severely? I have pointed out that immediately before the election this country was beginning to feel the effects of the world depression, and the number of unemployed was increasing. Every effort was made to make political capital out of the very undesirable situation which was developing. At every Conservative meeting the unemployment problem was particularly featured, and the responsibility therefor was charged directly to Liberal legislation. The Prime Minister made some definite statements concerning unemployment. I have no doubt they have been quoted many times; in fact since coming to this house I have heard them read, but I take the liberty of making further reference to them. Speaking at Moncton, New Brunswick he is reported as follows:

> The Conservative party is going to find work for all who are willing to work, or perish in the attempt; it is going to call parliament together at the earliest possible date after July 28, to take such steps as will end this tragic condition of unemployment and bring prosperity to our country as a whole.

He went on to say that Mr. King promised consideration of the problem of unemployment, and then made the amazing statement: "But I promise to end unemployment." And he asked the question: Which policy do you like best? Speaking at other places he ridiculed the suggestion of the Liberal leader that a conference be called to consider all features of this problem. Speaking at Sarnia he is reported as having used these words:

> Someone is responsible for unemployment, not individuals but governments.

I want to emphasize that—"not individuals but governments." Governments are responsible for the enacting of all legislation. Of course at that time there was a Liberal government in power, but I think every fair-minded person will agree that if that statement was true then it is equally true at the present time.

Mr. LAPOINTE: More so to-day.

Mr. GOLDING: If it was true then, this government stands convicted by the statement of its leader of being responsible for all the unemployment which we have from one end of the country to the other, and all the misery and distress and tragedy connected with it.

I do not think, Mr. Speaker, anything is gained by being unfair, and let me say I did

not think that was a fair statement to make at the time it was made, neither do I think it would be fair to say now that this government is wholly and entirely responsible for the condition of unemployment that now prevails. But I do submit that the high tariff policy which has been adopted by practically all countries as well as by this government has contributed more to bringing about the chaotic condition which exists in the world to-day than any other one thing. In my opinion it has added enormously to the number of unemployed. And having adopted that policy this government is to that extent at any rate responsible for the situation that confronts us at the present time. It is a well known fact that after the war this policy of high tariffs began to operate in practically every country. In Canada its operation was delayed by a low tariff government, but since 1930 it has been in full effect, and we have certainly felt its evil results.

In regard to the promise to end unemployment, it was most unfortunate that in order to obtain votes promises of that kind were made with little or no hope of their being fulfilled. These promises had a demoralizing effect upon the workers of Canada. It is well known that every industrial worker, indeed every one no matter what his vocation in life may be, must make his individual effort to provide for himself and his family. But when this assurance was given that everyone who wanted work would be provided with work, that no one would be permitted to go hungry or cold, the very thing happened which anyone who had made any study of psychology would expect to happen—the workers of our country in ever increasing numbers began to look to the government, and rightly so, to see that these election promises were carried out. I have noted since that election that members of the cabinet in making public addresses have endeavoured to point out that there is not the individual effort that there should be, that there is a tendency to depend too much on the government for the provision of all needs. This is especially true in regard to the addresses given by the Minister of Trade and Commerce and the Minister of Railways and Canals. One cannot sow the wind without reaping the whirlwind. We are reaping the harvest to-day from a seed which was thoughtlessly sown during the campaign of 1930. As an industrial worker myself I know that there was need of help being given in many cases, but I also know that the picture presented to the unemployed of our country during that campaign was so impossible of fulfilment that one cannot but regret that such statements were broadcast throughout our land. I am satisfied that this promise to end unemployment secured for the government thousands upon thousands of votes, and in my opinion contributed more to their success at the polls than any other one thing. Now after almost three years in office what has been done by the government to implement this promise? I submit that nothing whatever has been done to end unemployment. It is true that money has been spent like water on unemployment relief, but no legislation has been passed which any reasonable person can claim to have ended unemployment. A survey was made after the last election to ascertain the number of the unemployed in Canada, and the returns indicated that about 117,000 were out of work. At the present time it is estimated that practically 800,000 are unemployed. The figures speak for themselves; I quote them only to show how completely the government has failed to fulfil this promise, a promise which never should have been given.

To emphasize their failure more clearly one need only refer to the recent conference between the provincial and federal governments to endeavour to find a solution of this very difficult problem. It is worthy of note that after nearly three years in office the government, partly, at any rate, adopted the very suggestion made by my honoured leader during the 1930 compaign, namely the calling of a conference to explore the whole situation, which suggestion was ridiculed and made light of both by the present Prime Minister and by Hon. Mr. Ferguson, who took such an active part in that campaign.

Many promises, sir, were made in addition to those which we have been discussing. Many promises were made to agriculturists and great hopes were held out to them in all parts of the dominion. Speaking at Winnipeg Mr. Bennett is quoted as having used these words:

> Listen, you agriculturists in the west, and all other parts of Canada, you have been taught to mock at tariffs and applaud free trade, tell me when did free trade fight for you? You say tariffs are only for the manufacturers, I will make them fight for you as well, I will use them to blast a way into the markets that have been closed to you.

At Victoria he said:

> It is true we must have foreign markets, and as I said the other evening, we will blast a way to those markets on a world wide basis with any exportable surpluses; we do not have to worry about that.

We are all familiar with the many promises that were made regarding the prices that were to be received by the dairy industries, the prices of wheat and cereals and live stock.

Indeed the picture presented to the agriculturists was as beautiful as the one for the unemployed, and I need hardly add that both classes were equally disappointed. As a result of the present high tariff policy, with its restrictive and strangling effects on trade, the prices of agricultural products are sinking to depths hitherto unknown, while the prices of commodities that the agriculturist must purchase are through the same tariffs kept at heights out of all proportion to the prices that the farmer receives.

Having in mind the Prime Minister's promise that he would blast a way into the markets of the world for all agricultural products, I confess that I was amazed to hear such statements in reference to the empire treaties as that they were designed to shut out the foreigner, and that all nations outside of the empire would be asked to pay tribute for the privilege of dealing with the empire. These are damaging statements so far as any effort to secure foreign trade is concerned, and are sure to have their reaction; undoubtedly they will make it more difficult to secure the markets that Canada must have if we ever hope to regain prosperity or restore our country to the position it held during the regime of the late Liberal government. Instead of blasting a way into the markets of the world for the farmer, the farmers' market is paralyzed. Canadian farmers were never in a worse financial position than that in which they find themselves to-day.

We are all willing to admit that these are not normal times. We are willing to admit that no matter who had been selected to govern this country we would have had unemployment. But while admitting that, I am satisfied that the policy adopted by this government has aggravated the whole situation and made matters infinitely worse than ordinarily they would have been. I am confident that even if conditions had been normal, the policy of this government would have brought about a serious situation in our country. I have heard hon. members opposite claim that had the Liberal party remained in power conditions would have been worse than they are at the present time. I would suggest that those hon. members study the records of the two parties in regard to the securing of markets and, the reduction in taxation and in the national debt, and I am satisfied that they will be convinced as to which party has the better record. Time does not permit me to go into details as I should like, but I want to put some figures on Hansard in order to show how disastrously the present policy has affected the basic producer in regard to the commodities he has to purchase. I have here a table of comparative prices under five different tariff programs. These rates are applied to imports from Great Britain; they were taken from invoices received not so long ago, though I appreciate that they will be lower under the new valuation for the pound.

The rates are as follows:

	Borden	Meighen	King	Bennett	Preference
	%	%	%	%	%
Cotton printed piece goods	25	25	18	61	58.5
White cotton flannelette	17½	17½	15	55	52
Wool piece goods	30	30	24¾	68	64
Wool overcoating	30	30	24¾	100	93
High grading suiting	30	30	24¾	72	68
Wool hosiery	25	25	20¼	92	82
Blankets	22½	25	20¼	106	80

I should like to place on Hansard also the tariff increases on farm implements under this government:

	Old rate Liberals	New rate Conservatives	Percentage increase
	%	%	
Binders	6	25	300
Seed drills	7½	25	233
Manure spreaders	7½	25	233
Cultivators	7½	25	233
Milking machines	10	25	150
Hay loaders	10	25	150
Incubators	10	25	150
Ensilage cutters	10	25	150
Barbed wire	Free	10	—
Cream separators	Free	25	—

Before leaving this point, Mr. Speaker, I should like to say that these tariffs constitute a real hardship on the basic producer. In my experience as an industrial worker for over thirty years I have found that with increased duties we have had less employment. We had that experience after the election of 1911; we had it again during the régime of Mr. Meighen and certainly we have it now. I remember very well reading in the Toronto Globe in September, 1921, that there were thirty thousand men out of work in that city. I think we should get it into our minds that anything that interferes with or hinders the progress of the basic producer is bound to have its reaction in regard to the purchase of manufactured products.

During the 1930 campaign the promise was made that our debt would be reduced, but now we find that instead our debts are increasing to an alarming extent. During the régime of the late Liberal government we had a steady reduction in the national debt. I am not going to trouble the house with extended references to the debt reductions made during those years except to say that they totalled $257,866,932. Now, however, we are about $445,000,000 worse off than we were before. The debt increase for one year is more than double the debt reduction made in any year since confederation. In the period from 1930 to 1932 this administration added $202,000,000 to the national debt, while in the two previous years under the Liberal government the debt was reduced by $119,000,000. In the first two years of this administration expenditures were higher by $107,000,000 than in the last two years of the Liberal régime. During the years from 1923 to 1930 the reduction in taxation amounted to approximately $116,000,000, but now we have increased taxation on almost every conceivable article, and at the same time our public debt is mounting by millions of dollars each year. We were promised that expenditures would be reduced, but what has happened? As compared with previous governments our expenditures are mounting by millions, while at the same time our exports have been cut in two. In 1930 our exports amounted to $1,145,000,000; in 1932 they amounted to only $587,000,000. In 1930 our expenditures totalled $398,000,000, while in 1932 they amounted to $448,000,000, an increase of almost $50,000,000. This year they are estimated at $417,000,000, an increase of $19,000,000 over those of 1930, while our exports will be approximately $651,000,000 less than they were in that year.

The Minister of Trade and Commerce spoke in my home town during the by-election, and the Conservative paper there quoted him as follows:

> Referring to the financial record of the government, Mr. Stevens told of the success of loans secured in recent years, which indicated, of course, the faith the people had in the integrity of the Prime Minister and his government.

I submit, sir, that conditions are serious when, after two years in power, in regard to our financial position this government can only boast of the loans they have put over.

With regard to the increase in expenditure as compared with our exports I should like to place on Hansard our exports, our expenditures and the percentage of expenditures to export. I submit that this represents a serious situation. The Minister of Trade and Commerce quoted volume; I propose to quote value, because we must remember that the government was elected to raise the price of commodities. The statement is as follows:

Year—	Exports in millions of dollars	Expenditures in millions	Per cent expenditure to total exports
1926	$1,328	$355	26.7
1927	1,267	358	28.2
1928	1,250	378	30.2
1929	1,389	378	27.2
1930	1,145	398	34.7
1931	817	440	53.9
1932	587	448	76.4
1933 (estimated)	494	417	84

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

Wednesday, March 29, 1933

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

Third report of the select standing committee on miscellaneous private bills.—Mr. Stinson.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SOUTH OXFORD ELECTORAL DISTRICT

Mr. ANDERSON (Halton):

1. Were any complaints received by the chief electoral officer for Canada from any candidate for election to the House of Commons for the constituency of South Oxford in the last Dominion general election, held on July 28, 1930?

2. Were such complaints, if made, transmitted or reported to the Speaker of the House of Commons?

3. What were those complaints?

4. If such complaints were received by the chief electoral officer, why were they not reported to the Speaker of the House of Commons?

5. What was the name of the returning officer for the constituency of South Oxford in the election of 1930, and does he still hold that position?

Mr. CAHAN:

1. Yes.

2. No.

3. (a) Delay in supplying a list of deputy returning officers to one of the candidates; (b) Default by the returning officer in sending out a declaration of the election.

4. Because the chief electoral officer having been asked by the candidate to indicate what action should be taken, had a few days before making his report advised the institution of proceedings and assumed that his suggestion was being followed.

5. (a) Frank H. Harris, of Mount Elgin, Ont.; (b) Yes.

TRENT RIVER DAMS

Mr. BLAIR:

1. Have tenders been called for replacing dams 4 and 5 on the Trent river, north of Peterborough?

2. If any tenders have been accepted, who was the successful tenderer?

3. Is it the intention of the government to replace one of these wooden dams with a concrete dam this year?

[Mr. Golding.]

Mr. MANION:

1. As to dam 4 (now dam 23): No; this is a new concrete dam completed in 1927. As to dam 5 (now dam 22): Yes.

2. The successful tenderer for dam 5 (now dam 22) was Mr. W. J. Kitts, Toronto.

3. Construction of dam 5 (now dam 22) will be proceeded with under Mr. W. J. Kitts' contract this year.

*HYDRO POWER EXPORT

Mr. GARLAND (Bow River):

1. Has the government been advised of the introduction of a bill providing for the export of hydro power to the United States in the Legislative Assembly of the province of Quebec?

2. If so, does the Dominion government propose to take any action in connection with this matter?

Mr. BENNETT: The first part of this question, if answered with a written answer, might be open to a wrong construction. As is known, the governments of the several provinces forward to departments of the federal government copies of bills as introduced, but no formal intimation has been given by the government of Quebec of the introduction into the legislature of that province of any bill dealing with the matter mentioned in the question.

The second part of the question as to what action the Dominion government might take in the premises, is answered by the statement that nothing which the province could legally do would divest the federal government of its jurisdiction under the appropriate statute, in this case, the Electricity and Fluid Exportation Act.

ROYAL CANADIAN MOUNTED POLICE

Mr. DUFF:

1. What punishment was given constables Humphrey, Spencer, and Sennia, of the R.C.M.P., by the police officials for the offences of which they were convicted on the 15th day of March, 1933, by Stipendiary Barnhill of Halifax?

2. How many cases have arisen since the organization of the R.C.M.P. in Nova Scotia where the constables of the force have been fined or punished by their superior officers?

3. What are the names of the constables so punished?

4. What was the nature of the offences for which they were punished in each case?

5. What was the penalty imposed in each case?

Mr. GUTHRIE:

1. Constables Humphrey, Spencer and Sinnema were found guilty of being found in a

boarding house where liquor was said to be for sale at Halifax and were fined $5 each by Superintendent C. D. LaNauze on March 3, 1933.

2, 3, 4 and 5. It is not deemed to be in the public interest to furnish the details in the internal discipline of the Royal Canadian Mounted Police.

MR. NEREE PERRON

Mr. RHEAUME:

1. Has Mr. Neree Perron, postmaster of St-Felicien, county of Lake St-John, been dismissed?
2. If so, for what reason?
3. If any complaint was lodged against him (a) what was the nature of such complaint; (b) who lodged same?
4. Did one Joseph Gilbert, of Dolbeau, lodge a complaint?
5. If so, what was the nature of such complaint?

Mr. SAUVE:

1. Dismissal authorized by order in council, but not yet effected.

2. Postmaster found guilty of active political partisanship by commissioner.

3. Request was transferred to the department by Mr. Duguay, M.P.

4. No.

5. See answer to No. 4.

OROMOCTO, N.B., RURAL ROUTE NO. 3

Mr. BRADETTE:

What is the yearly amount paid for the carrying of mail at Oromocto, rural route No. 3, New Brunswick?

Mr. SAUVE: $921 per annum.

WOOL PRODUCTION, CONSUMPTION AND EXPORTS

Mr. EDWARDS:

1. What quantity of wool was produced in Canada in the years 1929, 1930, 1931, 1932, in pounds, as purchased from the producer?
2. What quantity was (a) consumed in Canada; (b) exported to other countries?

Mr. STEVENS:

The wool clip was as follows: 1929, 20,283,000 pounds; 1930, 21,016,000 pounds; 1931, 20,365,000 pounds; 1932, 20,518,000 pounds.

No statistics are available showing the amount purchased from the producer.

(a) Estimated consumption: 1929, 14,193,175 pounds; 1930, 16,634,246 pounds; 1931, 15,595,426 pounds; 1932, 16,805,531 pounds.

(b) Exported to other countries: (calendar years) 1929, 6,089,825 pounds; 1930, 4,381,754 pounds; 1931, 4,769,574 pounds; 1932, 3,712,469 pounds.

QUESTION PASSED AS ORDER FOR RETURN

UNEMPLOYMENT RELIEF ACT—PER CAPITA PAID EACH PROVINCE

Mr. MacLEAN:

What is the per capita amount paid to each province under the Unemployment Relief Act on the basis of population in each province for the past three years or since the short session of 1930, as follows (a) direct relief; (b) public works; (c) loans to farmers; (d) loans to provinces; (e) loans to corporations; (f) total for all purposes in percentage of population in each province?

MOTIONS FOR PAPERS

MATCH FACTORY FIRE REGULATIONS

Mr. FONTAINE (for Mr. Fournier) moved:

For a copy of all regulations laid down by the Dominion Fire Commissioner's office respecting match factories; also copy of all documents, communications, telegrams and letters addressed by the Dominion Fire Commissioner's office to match manufacturers requesting compliance with said regulations and any reply made by said manufacturers to such request.

Mr. BENNETT: No period of time is specified. I suppose the hon. member means within a reasonable time, I presume the last two years.

Mr. SPEAKER: As the hon. member who sponsors the motion is not present, it had better stand.

Mr. MACKENZIE KING: Two years.

Mr. BENNETT: The leader of the opposition suggests that two years is ample. With that understanding, the motion might pass.

Motion agreed to.

VETERAN'S UNEMPLOYMENT RELIEF

Mr. POWER:

For a copy of all correspondence, documents and resolutions, emanating from ex-service men's associations throughout Canada dealing with veterans' unemployment relief, and received by the Prime Minister, the Minister of Pensions and National Health or the Department of Pensions and National Health, from October 1, 1932, to date.

NEWPORT POINT, QUE., POST OFFICE

Mr. BRASSET:

For a copy of all correspondence, affidavits, telegrams and other documents respecting the change made in connection with the post office at Newport Point, in the county of Gaspe, since 1930.

STE-ANGELIQUE, QUEBEC POST OFFICE

Mr. DESROCHERS:

For a copy of all letters, petitions, telegrams and other documents, respecting the removal of the post office and the changing of the postmaster at Ste-Angelique, parish of St-Basile, in the county of Portneuf, during the present year.

LOBSTER FISHING—GUYSBOROUGH COUNTY

Mr. POWER (for Mr. Duff):

For a copy of all letters, telegrams, petitions and other documents passing between the Acting Minister of Fisheries or any of his officials of the department at Ottawa, and any person or persons in the province of Nova Scotia or elsewhere, regarding the opening of the lobster season, in the district between Cole Harbour, in the county of Halifax, and Cape Argos, in the county of Guysborough, on April the first, 1933, instead of April the 20th.

CORRECTION—MR. ILSLEY

On the orders of the day:

Mr. J. L. ILSLEY (Hants-Kings): Mr. Speaker, I should like to make a correction in part of the speech I made last night on the budget. The hon. member for Digby-Annapolis (Mr. Short) interjected the remark, at page 3497 of Hansard:

They got four shillings sixpence per barrel more than the Americans did.

I understood him to say not that, but that they got four shillings and sixpence per barrel more than they otherwise would have, and I replied accordingly. My reply to the interjection would have been different but for that misunderstanding.

INCOME TAX

PROPOSED FIVE PER CENT TAX ON INTEREST AND DIVIDEND PAYMENTS TO NON-RESIDENTS

On the orders of the day:

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, with the introduction of any new tax there is bound at its inception to be some confusion, if only in getting the mechanics into proper and smooth operation. That difficulty is accentuated in the case of bearer bonds which are held in varying amounts by large numbers of people throughout the world. Having that in mind the commissioner of income tax on March 23 prepared a document entitled "A brief interim summary of the budget proposals with respect to ownership certificates and deduction of the five per cent tax at the source." Several hundreds of these have been circulated to the Canadian banks and to certain financial and trust companies in Canada. They have also been forwarded in ample time to New York, and to-day they arrive in the city of London, England, with instructions that they be reprinted there in French for circulation in France. One paragraph only of this document I desire to read:

There is no deduction in respect of interest paid on bonds of Dominion of Canada issued free of income tax or upon interest on bonds paid by the Canadian National Railways wherein the Canadian National Railways or any of its subsidiaries undertakes to pay any tax imposed upon the holder thereof, these payments requiring no covering ownership certificates, either forms 600 or 601.

I desire in addition to make it very clear that it is not intended that the five per cent tax shall apply in the case of a foreign holder of a bond of the Dominion of Canada which in terms provides that the dominion shall pay an amount certain; also in the case of British or foreign non-resident holders of bearer coupons and share warrants, unless the holder requests an ownership certificate, such coupon and share warrants may be cashed without the necessity of ownership certificates being attached. It is understood, however, that the five per cent tax must be withheld by the paying agent.

Of necessity these documents had to be printed somewhat hurriedly, and as a sufficient number is not available at the moment for every hon. member of the house, I desire to lay on the table two copies in English, stating at the same time that as soon as possible a larger number will be available both in English and French. I desire also for the information of the house to lay on the table in English and French specimen copies of the ownership certificates which will be required to be attached to these documents.

BEAUHARNOIS POWER COMPANY

On the orders of the day:

Mr. E. J. GARLAND (Bow River): May I ask the Prime Minister if he or the government has been made aware of a proposed financial reorganization of Beauharnois, and if so has the government or the Prime Minister approved of the same?

Right Hon. R. B. BENNETT (Prime Minister): The $30,000,000, bondholders of Beauharnois Power Corporation, after default in the payment of interest, met together and, as is usual in such cases, and in accordance

with the provisions of the trust deed, appointed a committee to deal with the situation that arose because of the default in payment of such interest. The committee has fixed upon a plan which will be submitted to the bondholders for their approval. The government does not conceive it to be its duty to undertake to determine what the bondholders must determine for themselves, but the government has discharged the duty which it undertook to discharge, namely, to protect the debenture holders or the collateral trust gold bondholders, as they were called, to the extent of enabling them to make their own arrangements with respect to their own property. I could have amplified this statement, but the hon. gentleman did not give me any notice of his question, and I am speaking entirely from memory with respect to the matter, but I think I have correctly indicated the position.

SOLDIERS' PENSIONS

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker, I have a question to direct to the hon. Minister of Finance. On Friday, March 24, the minister, in answer to a question by the hon. senior member for Ottawa (Mr. Chevrier) relating to the announcement in the budget regarding veterans' pensions, said that he would have a statement to make to parliament dealing with same. Seeing that a further conference has taken place between the associated veterans and the government concerning the cut in disability pensions, may I ask the minister if he has anything conclusive to tell the house and country as to what the intentions of the government are on this very important matter?

Hon. E. N. RHODES (Minister of Finance): My hon. friend is wrong in his statement of facts. The further conference with the heads of the veteran organizations which met the government has not yet taken place. After it does take place, the house will be advised in due course and in conformity with the statement I made to my hon. friend the senior member for Ottawa.

CENTRAL GOLD RESERVE TRUSTEES

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): The hon. member for Winnipeg North Centre (Mr. Woodsworth) asked who were the trustees of the central gold reserve. I indicated that I was not then in a position to answer him with accuracy, but I find that the trustees are the Royal Trust Company, the Bank of Montreal and the Royal Bank of Canada. Each of these organizations delegates one of its officers to act as its representative in connection with the central gold reserve. The Deputy Minister of Finance whom I mentioned in that regard is responsible only for audit and checking, and not as a trustee.

CONSERVATION OF HERRING

On the orders of the day:

Hon. ALFRED DURANLEAU (Minister of Marine): Yesterday the hon. member for Gloucester (Mr. Veniot) made inquiries as to regulations concerning the conservation of herring and processes of salting, canning, and so forth. He wanted to know if new regulations had been adopted since, I presume, the amendments which were made last session to the Fish Inspection Act. The answer is that by order in council of November 7 last, the regulations have been amended in order to conform with the amendments made to the act. I have in my hand a memorandum giving the different changes which I shall be glad to forward to my hon. friend or to lay on the table of the house.

Mr. VENIOT: Please forward it.

TECHNICAL EDUCATION FOR FISHERMEN

On the orders of the day:

Hon. CHARLES MARCIL (Bonaventure): May I ask the Minister of Marine (Mr. Duranleau) if he will kindly tell me in a word what arrangement has been arrived at in the province of Quebec regarding technical education for fishermen at Gaspé and other ports of the province?

Hon. ALFRED DURANLEAU (Minister of Marine): On Monday a conference took place between the Minister of Fisheries of the province of Quebec with his officials and the Acting Minister of Fisheries at Ottawa with his officials. We have discussed at length the question of giving to the French element not only of the province of Quebec but also of New Brunswick and the Magdalen islands the opportunity to get proper instructions as to curing fish. Though we have not come to a definite conclusion our discussions were very cordial, and I believe will lead to reasonable arrangements in that direction.

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): Mr. Speaker, in that connection I should like to ask another question. In a dispatch appearing in a newspaper which I saw yesterday it is stated that there has been a decisior

to open and maintain a biological station at Gaspé, and that that was one of the conclusions arrived at when the conference took place. Is that so?

Mr. DURANLEAU: Mr. Speaker, no definite arrangement was made. The suggestions, which appear to be satisfactory to our department in Ottawa, were that a couple of French Canadians would be sent to the school at Halifax, there to receive training during the year. Afterwards the biological board would open a branch at Gaspe at which those two French Canadians would be teachers of the inspectors and fishermen speaking the French language. I hope a definite arrangement will be concluded to that effect, because I understand it would involve a very small expense, perhaps only $8,000 or $10,000 a year. In that event the province would supply the school building.

Mr. CASGRAIN: May I ask the minister if Conservatives will be appointed?

Some hon. MEMBERS: Oh. oh.

CRIMINAL CODE AMENDMENT

CARRYING PISTOL, REVOLVER OR OTHER OFFENSIVE WEAPON WITHOUT PERMIT

Hon. HUGH GUTHRIE (Minster of Justice) moved the second reading of Bill No. 53, to amend the criminal code (offensive weapons).

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Gagnon in the chair.

On section 1—Offensive weapons.

Mr. LAPOINTE: May I ask the minister whether this bill is the same that was passed by the Senate on two or three occasions in recent years?

Mr. GUTHRIE: No. I believe this bill has originated in the Department of Justice in response to many requests which have come from municipal bodies, boards of trade and various other societies throughout Canada, asking that more drastic legislation be passed in regard to the use or carrying of pistols and revolvers. Requests which from time to time have come in have been very sweeping, and the penalties which we have been requested to impose have been very severe. However, after consultation with the law officers of the Department of Justice, with representatives of the various police associations and with the officers of the Royal Canadian Mounted Police it has been decided to introduce the present measure, particularly directed against pistols and revolvers on the one hand and offensive weapons on the other. In the bill there is a distinction between pistols and revolvers and what are known as offensive weapons. The term "offensive weapon" is defined in the criminal code as follows:

> "Offensive weapon" or "weapon" includes any gun or other fire arm, or air-gun, or any part thereof, or any sword, sword blade, bayonet, pike, pike-head, spear, spear-head, dirk, dagger, knife, or other instrument intended for cutting or stabbing, or any metal knuckles, or other deadly or dangerous weapon, and any instrument or thing intended to be used as a weapon, and all ammunition which may be used with or for any weapon.

We are maintaining the clauses against the use of offensive weapons, but are presenting new clauses in regard to pistols and revolvers as distinct from other offensive weapons. One request which has come from all quarters of Canada is that we should pass an enactment in the House of Commons to prevent the importation, manufacture and sale of pistols and revolvers. As the house will readily understand, if we were to attempt legislation of that kind we should immediately be confronted with constitutional difficulties. However it is perhaps some satisfaction to know that the question of the importation of such weapons is at the present time subject to permit; such weapons cannot be imported into Canada to-day without a permit issued by the Department of National Revenue. On the other hand it must give some satisfaction to know that to-day there is no manufacture whatever of pistols or revolvers in the Dominion of Canada. So that at the present time we are relieved from any difficulty on that score.

The other matter is one of sale, namely whether or not we have the power to prevent sale within the provinces. That is a nice question. In this bill we have sought to regulate the sale, without actually prohibiting it, and we believe that in the regulations proposed in the bill we are within our constitutional rights. There are some amendments which will have to be offered as the bill proceeds, and I think as we have now reached the first section we might mention the first amendment which presents itself.

The penalty imposed by the first section for the carrying of a pistol or revolver is a term of imprisonment of five years. I think the house will agree that the penalty is rather severe. Five years or more was the penalty suggested by the petitioners, but on this section I propose to ask that it be amended by fixing the term at from one to not more than five years, thereby giving the court or judge some discretion in the matter.

Mr. EULER: Is it within the discretion of the magistrate or the court to impose a sentence of less than a year, or can he pass a suspended sentence, or anything of that sort?

Mr. GUTHRIE: Of course a judge has power to suspend sentence, unless we take away that power. But the idea was that a man who is carrying concealed weapons should be subject to a term of one year for the offence but not more than five. I am sorry to say that according to the reports from the police associations of various cities in Canada the number of persons found carrying pistols and revolvers has in recent years very largely increased. It is the commonest thing now when a man is arrested for crime, upon searching him in the police court, to discover that he has in his possession a pistol or revolver. He may be a man with a long criminal record. The present penalties for carrying such a weapon are not considered very severe. It is felt that if restrictions are placed upon the sale, and greater penalties are imposed for the offence of carrying, the traffic in these weapons will at least be considerably diminished.

Mr. LAPOINTE: Section 1 replaces eleven sections of the criminal code by new sections. I suggest that we should take every section individually.

Mr. GUTHRIE: It does not replace them all by new sections. Many are just repetitions of the old.

Mr. LAPOINTE: But it is better to adopt each one separately.

Mr. WOODSWORTH: I understand this action is being taken largely on the recommendation of the various police associations?

Mr. GUTHRIE: No; I did not intend to convey that idea. I consulted some police associations, but the action is taken on the representation of city councils, boards of trade and other organizations of the kind throughout Canada.

Mr. WOODSWORTH: I have no objection whatever to making the law as stringent as may be necessary, with regard to the carrying of arms. But there is one point I should like to raise, and it is this: What sort of regulation is there with regard to the carrying of revolvers and pistols by the police themselves? In the old country, as a good many know, the ordinary police constables do not carry revolvers. They have batons merely. A few days ago in the city of Montreal there was brought to our notice an outrageous case of a man being shot during the course of an eviction. I understand he was shot in the back by a police constable named Zappa. According to the press it seems there was a man there who had got behind in his rent owing to the compensation board not being prompt in paying him, and he was being evicted. A boarder went to the house to rescue some of his own personal belongings. Just what took place is not clear; according to the police he resisted; according to bystanders he had nothing whatever in his hand, and made no resistance. However, the fact is he was shot. Later there was a most disgraceful scene: It seems to be established by the reports of nearly all the papers in Montreal that at the time of the funeral, when some of the friends and sympathizers of the man who had thus been shot were proceeding with the cortege, the police intervened and broke up the funeral procession, using extreme violence, women and children being brutally knocked down. There was said by the papers to be no riot whatever and nothing in the way of disorder in the procession until the police intervened. That particular incident, to which a great deal of publicity was given in all the Montreal papers, both English and French, seems to point to the need of some supervision of the police themselves. If we are going to insist, as I think we should, that ordinary civilians do not go around armed with revolvers, I do not think it is fair that the police should be armed without having definite restrictions placed upon them. As I said a while ago, we talk about British traditions; police constables in England are not armed, they are in the United States, and apparently we are introducing that kind of thing here. I submit that one of the reasons we have armed criminals in this country is that they know they have to deal with constables who are armed with lethal weapons. I would like to see the government hold the police responsible.

Mr. HANBURY: May it be the reverse, that the police are armed because so many people are armed?

Mr. WOODSWORTH: Well, I do not want to be misunderstood—I hope this measure passes. At the same time I think there ought to be very much more definite control of the police themselves. That one instance of a man shot in the back without any clear evidence that he was resisting arrest is sufficient, I think, to make any one who has any idea of British traditions rebel against the idea of the police being given such a free hand. This policeman, according to his own

statement, became angry and shot the man. We have courts to decide whether or not a man is guilty, and we have certain officers charged with executing judgment, but certainly the task of the police is not that of judge and executioner. If a man is to be killed let him be executed after his case has gone through the regular judicial process.

An hon. MEMBER: After he has been shot.

Mr. WOODSWORTH: No, not after he is shot. Of course the police ought to be protected and to have a fair break, but I submit that in the drafting of this legislation there should be some provision by which guns should not be permitted even to the police except under strict supervision, the police being made definitely responsible for their use. I would say that the policeman who shoots a man in the back, I do not care if he is an officer, is cowardly, and you are not going to get respect for the law as long as the police are allowed liberty of that kind.

Mr. GUTHRIE: If the question was addressed to me, I may say that the control of provincial police and municipal police is strictly within the powers of the various provincial governments. The provisions of this bill as it is drafted apply to all persons, but there is a provision therein that permits for the carrying of revolvers for the protection of life and property may be granted by the attorneys general of the various provinces, and if in the judgment of the provincial authorities police forces should not be armed they will not be armed. On the other hand if the various provincial authorities think their police forces should be armed they can grant the necessary permits. But that is hardly a matter that concerns this federal parliament. We have not sought in any way to interfere with the jurisdiction either of the municipalities or of the provinces in respect to police matters.

Mr. WOODSWORTH: But I think that hardly answers my point. This is general legislation applying to every citizen, every individual in this country. We have here still another example of division of jurisdiction. This is federal legislation, yet when it comes to dealing with the particular class that we call police constables we are told that it is entirely a provincial matter. I think the body that legislates on behalf of the great mass of the people should also provide adequate restrictions for the granting of permits even to police officers.

[Mr. Woodsworth.]

Mr. MALCOLM: The minister's remarks regarding provincial authority over their own police may be quite in order. Yet we have at this time a decided growth in the duties and work of the Royal Canadian Mounted Police, which is taking over police jurisdiction in various localities. I believe that every one in this house is thoroughly in accord with any legislation designed to prohibit the carrying of concealed weapons. It is an evil which we have acquired from our neighbours to the south. None of us believes in it in any way, shape or form. Only a very few decades ago you would not find a policeman on the streets of any American or Canadian city with the two gun holsters exposed. The whole business of gun carrying has been much increased simply by the ostentatious display of weapons by the police. Of late years the Ontario provincial police have gone to an absolutely absurd length in this regard. In small towns and country districts all through Ontario, for the first time in history we now see provincial police going around with a holster and two exposed guns. The thing is absurd from any angle. There are no dangerous criminals in the rural districts of Ontario, and the duties of our police do not demand the carrying of either concealed or exposed weapons. The idea of using guns in dealing with thugs and gunmen in some of the large cities may be quite justified, but the work performed by the provincial police of Ontario does not demand the use of weapons.

I thoroughly agree with the general remarks of the hon. member for Winnipeg North Centre that the carrying of revolvers by police, which is an American system absolutely opposed to the whole idea of police methods in Great Britain, has induced the use of revolvers by a great many people who have no need of them. I do submit to the Minister of Justice that the department of police over which he has jurisdiction, the Royal Canadian Mounted Police, have erred very little in the display of revolvers, and I hope the minister will see that they continue this practice. It does seem to me, however, that when the mounted police can do their work without the use of firearms the minister would be quite justified in asking the provincial governments to pass concurrent legislation to prevent their police forces from making such a display of firearms as we see throughout the country today.

Mr. MARCIL: In justice to the government of Quebec which is charged with the maintenance of law and order in that province I should like to say that yesterday in the

legislature the premier, referring to the case to which the hon. member for Winnipeg North Centre has alluded, declared that the matter had been fully investigated by a judge of the sessions in Montreal as well as by a coroner's jury, and that in both cases this policeman had been exonerated from any blame in the matter. I do not know anything of the matter more than that. It was also stated yesterday, and endorsed by the leader of the opposition in the legislature, that the laws for the maintenance of order in the province of Quebec would be revised in order to give some protection to the citizens of that province against the actions of the foreign element which has come to Quebec in the last few years. This brings the matter to a head. Our province has had the reputation of being very peaceful and law-abiding; everyone wants it to remain so, but those who read the Montreal papers no doubt are aware that there is a very strong communistic element now established in that city, and certain things which have occurred lately have brought this matter to the attention of the government, who intend to deal with it.

With regard to the carrying of firearms, as the Minister of Justice properly said, there is a question of jurisdiction. The province of Quebec has its own police force; the Dominion government has its police force. If the Dominion government wishes to authorize its men to carry firearms it has full power to do so, and the province may do the same thing. The cities, if they wish their police to be armed, must obtain the authority of the legislatures of the provinces. This is a complicated question, but I have lived in the city of Montreal for many years, and I have often wondered why the windows of the pawnshops and second hand stores were permitted to be filled with cast off revolvers selling for a dollar, a dollar and a half or two dollars. Who should control this? I have no doubt this matter has been inquired into by the Minister of Justice, but that is where the cheap revolver is obtained which is used by the man committing a crime. If a way could be found to curtail the sale of firearms except by properly authorized and responsible persons I think a great forward step would be taken.

Mr. LAPOINTE: That is provided for in this bill.

Mr. MARCIL: The ex-Minister of Justice tells me that this is dealt with in the bill now before us, and I am glad to hear it. With the recent fires and other occurrences in Montreal the people have come to realize that something must be done to maintain the reputation of Canada and her citizens, and I am glad that this matter is being taken up now.

Mr. REID: I am afraid that I must differ with the hon. member for Winnipeg North Centre and the hon. member for North Bruce. The hon. member for Winnipeg North Centre was not quite correct when he told the house that the policemen in England are not armed. It is true that for generations the members of the police forces of the old country were not allowed to carry arms, but a wave of crime has swept the old country, with bandits going around with guns, and to-day many of the metropolitan cities are arming their policemen with guns in order to combat this wave of crime. I have in my hand some statistics with regard to Vancouver, and I believe this house will be startled to learn that in the first eleven months of 1932 there were 411 armed holdups in that city. Out there life and limb are not safe. Some of the bandits are so cruel that if they hold up a man who has no money they beat him almost to death with their guns. They leave the cities in fast motor cars and go to peaceful settlements where, at the point of the gun, they hold up storekeepers and beat them up if they have not enough money to satisfy the bandits. I think it would be a dastardly crime to leave our local policemen without some means of protection against these bandits.

Personally, Mr. Chairman, I am heartily in support of this bill, and I should have liked to see it go even further. In connection with these holdup men I believe most of those who are caught are hardened criminals. I have a reference before me to the case of one man who admitted that he had been in one hundred holdups. How are we to deal with that sort of people if we have not some protection? I believe in drastic measures if we are to have any protection at all against these thugs and bandits, and certainly I believe in arming local policemen.

Mr. HANBURY: I think all members of this house hope the time will come when our policemen will not need to be armed, but when we have so many men going around the country carrying arms I think it would be a shame and a disgrace to take from our policemen their means of protecting the lives of our citizens. The hon. member for New Westminster has just referred to the holdups that took place in Vancouver during the first eleven months of 1932. These figures were

furnished to me, and I believe to other members of the house, by Mr. Charles Delbridge, who was police commissioner of that city for the year 1932. Of the 411 holdups 324 were carried out with arms, and there were 23 attempted armed holdups. There we have over eighty per cent of the total holdups in Vancouver during that period carried out with the use of arms. Then there were twenty cases in which it was doubtful whether or not arms were used; the attempt was made to convince the victim that the holdup man was armed.

I think this all goes to prove the necessity for some legislation such as we have before us to-day. Perhaps in Vancouver our population is a little more cosmopolitan than it is in some other centres, but certainly there we have been victims of the holdup artists.

Mr. MARCIL: The same thing applies to Montreal.

Mr. HANBURY: The hon. member for Winnipeg North Centre inquired from the minister whether this legislation was advocated and supported by police boards in various parts of Canada. I should say that perhaps it is, but in addition to that, it is being supported by members of the council and, on my part, by one member of this House of Commons, and I think it is legislation that we should have. The city council of Vancouver has on several occasions advocated legislation along this line and, like the hon. member for New Westminster, I do not think we can make the law in this regard too drastic. The minister is suggesting an amendment whereby he is going to fix the gaol term from one to five years. It is conceivable that a man might inadvertently be carrying a weapon with him and in that case perhaps it might work an injustice to put him in gaol for a period of five years. On the other hand, the man who is carrying an offensive weapon should show good cause for having it in his possession, and if he has it for offensive purposes, against the peace of the people of this country, I do not think five years is too long. Indeed, if I had my way, I would put him in gaol for the rest of his life. The man who goes around with an offensive weapon is a potential murderer; I do not look upon him in any other way. I hope the minister will keep this legislation as drastic as possible.

Mr. LAPOINTE: I agree with the provisions of this bill, and more particularly with the provision that the attorney general of the province should have the right to issue permits either to the police or to other persons carrying offensive weapons.

[Mr. Hanbury.]

Mr. MITCHELL: In my opinion there is absolutely no reason why any civilian should carry arms. I have never owned a weapon in my life and I do not believe there is any reason for anyone to own firearms. The man who carries around a firearm is a moral coward. My hon. friend from one of the British Columbia constituencies spoke of people who might carry arms inadvertently. It seems to me that if we leave that loophole in the legislation to take care of such cases everyone who is arrested under this law will endeavour to get from under by invoking that amendment. What I want to point out in connection with the Montreal case however is that this man had no opportunity to defend himself. It cannot be said that he carried arms. He was absolutely unarmed and was shot in the back.

Mr. JEAN: That is not correct.

Mr. MITCHELL: It is.

Mr. JEAN: No. The case was heard before Magistrate Cusson who heard twenty witnesses and offered to hear as many more as might come forward, and he absolutely justified Constable Zappa in the action he had taken.

Mr. MITCHELL: This man was unarmed.

Mr. BELL (St. Antoine): He had picked up an iron bar.

Mr. MITCHELL: I still maintain that he was unarmed. I absolutely agree with the contention that it is unnecessary for the police force of the country to walk around armed like soldiers in the midst of a war. It may be necessary under certain circumstances for them to carry arms, and I am not one of those who would suggest that the police force should not sometimes be armed. I should like to know however what proportion of the men who took part in holdups in Vancouver district were natives of this country.

Mr. HANBURY: That does not alter the position.

Mr. MITCHELL: The responsibility rests with the police forces of the country to see to it that there is no unnecessary display of arms on their part. Any such display is in my opinion utterly wrong. I do not think it is a good thing to display arms to boys who, particularly at this time, have very little to do. In my opinion this legislation should if possible have some stipulations along that line.

Mr. BELL (St. Antoine): The hon. member for Winnipeg North Centre and the hon. member for East Hamilton have not stated correctly the facts in connection with this

case as they are known in Montreal, when they say that the matter was not thoroughly investigated, and that the action of the constable was not justified. As the hon. member for Bonaventure said, after this unfortunate incident occurred the matter was taken to a judge of the sessions and some twenty witnesses were heard in regard to the warrant that was applied for by some of the friends of the man who had been killed. They wished to charge the constable with manslaughter. The result of the investigation thoroughly justified the action of the constable. This man had been visited on three occasions because he was behind in his rent and on the third occasion such action was taken as the law required. On his eviction, this disorderly crowd in Montreal—and as the hon. member for Bonaventure says, it is growing in numbers—decided to take the law into its own hands. Now, we pride ourselves in Montreal on our police force, which has properly maintained law and order and, I hope, will continue to do so. The constable in question resorted to the only means open to him when someone in the crowd picked up an iron bar to strike down his fellow constable. When they applied for a warrant charging the accused constable with manslaughter, the facts were thoroughly reviewed and it was found that he had merely attempted to protect one of his own fellow constables from being murdered by one of the crowd who had picked up this iron bar, or at any rate from sustaining severe bodily injury. He took his revolver and threatened the crowd in order to keep them back; otherwise he would shoot. They came on despite the warning, and in order to save his comrade he was obliged to shoot this man. That is the whole case, and when hon. members try to leave the impression with the house that the police in Montreal are overstepping their bounds and that murder is being committed by members of the force, I, as a member from Montreal, would ask hon. gentlemen to state all the facts and not half of them.

Mr. YOUNG: How did the policeman shoot this man in the back if the man was coming on?

Mr. BELL (St. Antoine): I was not present, but if the hon. member knows more about the judiciary of Montreal than I do I would ask him to get the facts. I am not a judge.

Mr. YOUNG: I simply ask my hon. friend to explain how the man happened to be shot in the back if he was coming on.

Mr. BELL (St. Antoine): If the hon. gentleman wishes to get the evidence I shall be glad to send it to him. Do I understand that he also agrees with the hon. member for Winnipeg North Centre?

Mr. YOUNG: That is not an answer to my question. I simply want to know how the man was shot in the back if he was coming on.

Mr. BELL (St. Antoine): How do you know?

An hon. MEMBER: Was he shot in the back?

Mr. CHEVRIER: I am absolutely in favour of the principle of this bill. The only fault I would find with it would be in regard to the undue burden that may be placed upon those whose business it is to sell these various weapons. I do believe the time has come when those whose duty it is to protect the lives and property of our citizens should themselves be safeguarded. The whole discussion with regard to the unfortunate incident that has occurred is altogether beside the question. I think that those who are charged with the enforcement of the law have heretofore shown good judgment in the discharge of their duties. Sometimes when the circumstances are such that it may be extremely difficult to determine just what line of action they ought to take, they may have to act rather quickly, but I would very much prefer quick action on the part of an officer of the law in the discharge of his duty to the quick drawing of a revolver by a thug. For that reason I will support this measure.

Mr. MacINNIS: To the general tenor of this bill I do not believe there can be any serious opposition. We all agree, I believe, it is unnecessary for the ordinary civilian to have firearms in his possession or that such firearms should be bought and sold for the purpose of carrying them around for one's own protection or for use for other purposes. But if we take the view that merely passing legislation of this kind will prevent holdups and holdups with violence, we are very much mistaken, because such holdups will take place, not because those who are staging them wish to do so, but becauses the pressure of circumstances drives them to that extreme.

Some hon. MEMBERS: Oh, no.

Mr. MacINNIS: Just a moment. Anyone who does not agree with this point of view need not accept it; but let me point out present conditions in this country. The fact that the number of inmates in our peniten-

tiaries and gaols is increasing by leaps and bounds is due, not to badness of heart, if you like, or to criminal tendencies on the part of our people, but to the economic position in which our people find themselves.

Some hon. MEMBERS: No, no.

Mr. MacINNIS: Of course it is. As a matter of fact, any one who knows anything at all knows it to be the case. If we believe this legislation will prevent that sort of thing, it undoubtedly will not do anything of the kind. The hon. member for New Westminster mentioned that bandits in British Columbia not only held up people at the point of a gun, but if they found those people did not have any money, beat them up. The bandits, in doing that, are only taking a leaf out of the book of the state. The state deprives a man of the means of livelihood and then, when it finds him walking the street, it arrests him and sentences him for vagrancy.

A few years ago when I was on the Vancouver city council, I remember a young man of twenty being brought into court because he had been sleeping in a Canadian Pacific Railway freight car. When he was asked why he slept in a freight car, he said: "I had no money to buy a bed; I had no other place to sleep and I had to sleep somewhere." Despite that fact, the magistrate who, I believe, had no alternative, sentenced him to two or three months in gaol. These are the conditions we make and we shall not do away with them simply by passing legislation of this kind. I do not wish it to be understood that I am opposed to the general tenor of this measure, but I am opposed to an attempt to do by legislation something which can be done only by improving the conditions of the people.

Mr. BAKER: Does the hon. member claim that holdups and murder are justified because of poverty?

Mr. MacINNIS: Decidedly not.

Mr. BAKER: That is what I understood him to say.

Mr. MacINNIS: I am not saying anything of the kind. I say that people act according to the conditions in which they find themselves. If we want to make people good, we must improve conditions. That is what I say and what any person who has any understanding of psychology says.

Mr. BROWN: I am heartily in accord with the general principle of the bill, but I should like to know, if the minister can tell us, precisely the position people will find themselves in under section 118. Perhaps some of us might have to interpret the law to some of our friends. Section 118 reads:

> Everyone is guilty of an indictable offence and liable to imprisonment for not less than five years who, not having a permit in form 76, has upon his person elsewhere than in his own dwelling house, shop, warehouse, counting house, or premises—

That provision might be interpreted as indicating that he might have one in his own dwelling house or upon his own premises.

Mr. GUTHRIE: Yes.

Mr. BROWN: It is not an unknown thing for a man on a farm to have a revolver in his house. Would he be allowed to carry it on his own farm?

Mr. GUTHRIE: On his own premises.

Mr. BROWN: Suppose a farmer owns two or three quarter sections of land and has occasion to cross the road allowance or to go some distance from one to another, he would be liable, I presume, as long as he was not actually on his own premises?

Mr. GUTHRIE: Yes.

Mr. STEWART (Edmonton): I am heartily in accord with the provisions of this measure. As a matter of fact, I may be extreme, but I am not particularly in favour of the reduction of the penalty suggested by the minister. That, however, may be by the way. I think the minister might go a step further and have permits issued for those weapons, no matter where they are. I do not think the mere fact that an individual is allowed to have them in his house or place of business without a permit is sufficient. That provides a place for the weapon to be stored and this may be a convenience to an individual who does not want it altogether for his own protection. I should like the minister to go a step further and provide that no individual under any circumstances should be in possession of one of these weapons except under a permit.

Mr. McGIBBON: I should like to oppose that because it might mean a great deal of hardship. Nearly all returned soldiers have souvenirs, such as revolvers, of which there are probably four or five thousand in this country. To make all those people take out permits for weapons they never use, that are simply stuck away in a closet as souvenirs, is heartless.

Mr. STEWART (Edmonton): I cannot see that it is any hardship upon a person who desires to have on his premises a weapon, that that fact should be known by reason of

his holding a permit, the authorities thus being made aware of the fact. The difficulty is that if this bill goes through in its present form, persons who frequently use these weapons for purposes which sometimes end in murder, will keep them in their residences and take them out when they wish to use them. I do not agree with my hon. friend that it would be any terrible hardship on anyone to have to secure a permit if he wants to keep a weapon on his premises.

Mr. McGIBBON: The law is no good unless it has a penalty attached. People will forget to get a permit, and the first thing they know they will find themselves in the police court and a fine will be imposed. I do not think that is fair because these weapons are practically useless from a defensive standpoint. They are kept largely as souvenirs, and are probably rusty and incapable of being used.

Mr. KENNEDY (Winipeg South Centre): I am very much interested in the point just raised by the hon. member for West Edmonton and under discussion by the hon. member for Muskoka-Ontario. I think it would be a mistake to make it a crime to have a revolver on your premises or in your home. The hon. member for West Edmonton is quite logical when he says that if that were made a crime those who now have revolvers could take out permits, but the fact is, from a practical point of view, if you make it a crime it will not come to the attention of the great majority of these people who now have them.

The point raised by the hon. member for Muskoka-Ontario is a very, very practical one. It is quite true that all over this country there are revolvers in homes, particularly in those of the men who served in the Canadian forces overseas, and they are being kept there not with any criminal intent or for any specific purpose, but as souvenirs. I know that one, of the best souvenirs a service man returning from the front could bring home, one that was coveted by them and is in the homes of many who served, is a revolver, particularly a revolver taken from the enemy. They are in the homes of nearly all the ex-service men. They are in the haversacks of the soldiers in garrets. Now if you make it a crime for them to have a revolver in their homes, unwittingly they will become criminals and be subject to the penalty. I think, therefore, it should not be made an offence to have them in a man's home. To do so would be an injustice; you would be legislating into the criminal class thousands upon thousands of innocent citizens of Canada who are guilty of no offence whatever. I strongly oppose any such amendment.

Mr. GUTHRIE: In regard to the suggestion of my hon. friend from West Edmonton I may say that his proposal was pretty well considered. Originally it was provided that a man might have a pistol in his home, on the theory I suppose that a Canadian's home is his castle, just like an Englishman's, and that he has the right to have anything in it and to act as he likes in his home. Certainly his first duty is to defend his own home.

Mr. STEWART (Edmonton): He cannot have a still in his home.

Mr. GUTHRIE: But the consideration that weighed in discussing this matter was the one raised by my hon. friend from Muskoka-Ontario. It was estimated by men who may know that there are probably a quarter of a million homes in this country where there are souvenir revolvers of the great war. One suggestion which was made by the commissioner of the Royal Canadian Mounted Police was that all such weapons should be registered, that the number and the make of the particular pistol or revolver should be reported to the police and registered at some central office so that if it ever became necessary its ownership could be traced. However, it was considered that that involved a great deal of work, and probably of unnecessary work. After considering the matter from every angle we decided that pistols in houses and warehouses and private premises should be permitted to remain there. So long as they stay there, they are no menace to the public.

Mr. ELLIOTT: There is no question about it that pistols in private houses or in warehouses or in any other place, so long as they remain there and are not used, are probably no menace, as the minister says, but the point that was raised by the hon. member for West Edmonton is one that had occurred to me.

Mr. GUTHRIE: I forgot to say that certain of our provinces provide that you must have a permit to have such a weapon in your home; Alberta, for instance.

Mr. ELLIOTT: That is just the point. The danger from these revolvers, of course, is not when they are remaining unused in the home or in the warehouse, but when they are used. They can be so easily obtained and used, and then they become a danger.

Mr. POULIOT: The danger is when they are loaded.

Mr. ELLIOTT: Even then the danger is not so great unless the trigger is drawn, and the pistol used. I see that one of the places

where revolvers are frequently found is not mentioned in the act at all; that is, if a man has a revolver in a motor car. That would not be on his person because I take it from the description of the revolver on the person that it means in a pocket or concealed somewhere in the clothing of the person, but frequently those who are travelling in motor cars and tenting out at night find it advisable to carry a revolver with them. Is it necessary that a permit should be obtained for a revolver so carried in a motor car? That would not be covered by any of the places mentioned in the bill. The revolver would be in a vehicle in which revolvers are, unfortunately, frequently considered to be required at the present time. It would not be in the residence. Has the minister considered that phase?

Mr. GUTHRIE: That point is perhaps worth considering. My hon. friend from East Edmonton (Mr. Bury) who sits behind me has just suggested a few words that might cure that trouble. We might say, "has upon his person or in his possession elsewhere than in his dwelling-house." It might be in a sleigh or cutter or something of that kind.

Mr. GIROUARD: Are those who take a revolver when they go hunting required to have a permit?

Mr. GUTHRIE: If they carry a pistol, yes.

Mr. ROSS: The object in most of this kind of legislation is to deter crime. I would ask the minister if before this bill was drawn up he considered an enactment such as they have in England where, when a man commits a crime and has upon his person a pistol or revolver or other weapon, five years is added to his sentence, the object being to act as a deterrent?

Mr. GUTHRIE: That is in this bill; we provide for adding two years.

Mr. ROSS: In the old country they add five years to the sentence, if the man is carrying a pistol or revolver.

Sir EUGENE FISET: Will game wardens on private property who have already been appointed with the consent of the provincial government have to secure a special permit?

Mr. GUTHRIE: They will have to get a permit either from the attorney general of the province or someone designated by him or from the mounted police.

Mr. REID: Has the minister considered including a weapon known as a sawed-off shotgun? Many bandits carry them around. It can be easily concealed under the coat, and is a very powerful weapon, more powerful than a revolver.

[Mr. Elliott.]

Mr. GUTHRIE: That was not specially considered except that it comes under the general clause referring to offensive weapons. That is the clause I read when the bill was first spoken to.

Mr. REID: The new clause 1 says, "has upon his person....or is carrying concealed a pistol or revolver."

Mr. GUTHRIE: That is framed to meet requests which came largely from the western provinces in regard to weapons, pistols and revolvers. We have made very drastic provisions in that respect. Then, the provision in respect of offensive weapons covers "any gun or other fire arm, or air gun, or any part thereof, or any sword, sword blade, bayonet" and so on, down a long list. A sawed-off shotgun would be certainly included in that list. I did not know they were actually concealed on the person.

Mr. REID: Yes; there have been many cases where men have brought them in, and then drew them out. They can hold them in one hand, just like revolvers, and they should be included along with pistols and revolvers.

Mr. GUTHRIE: I have never heard a request to that effect.

Mr. SPEAKMAN: One of the clauses deals with the sale of weapons, and the wording is "pistol, revolver, or other offensive weapon that may be concealed upon the person." That wording would be sufficient.

Mr. REID: I think it should be included.

Mr. GUTHRIE: I was going to amend that section, I may tell my hon. friend.

Mr. SPEAKMAN: I believe it will be sufficient to use the same expression as is contained in the clause to which I have referred.

Mr. STEWART (Edmonton): I cannot help but think the minister will not accomplish his purpose, which is undoubtedly that of preventing the carrying of these weapons, if the person with criminal intent is permitted without registration to keep weapons in his house. Under the provisions of the act, that is possible. He could simply take those weapons out when he intended to use them, night or day. The whole purpose of the enactment would be thwarted. What is to prevent a man in any city from keeping a weapon in his house at all times, and simply taking it out at any moment he wishes to use it? He can carry it, without any evidence of his doing so, upon his person. The damage which we are seeking to prevent could quite easily be done. For a long time I have felt that there should be very strict regulations

with respect not only to the carrying but the possession of weapons. As to the hardships enumerated by gentlemen who have spoken on behalf of the returned men, no magistrate would put a returned man in gaol for the simple reason that he might have neglected to obtain a permit for a weapon which he has brought back from overseas, which he has never used and may never intend to use. I am convinced however that full advantage will be taken of this omission by any person who desires to use weapons for unlawful purposes.

Mr. REID: I have a case in mind, where four men entered a bank in Vancouver, three of whom had sawed-off shotguns with which they threatened the manager and clerks in the bank. The carrying of sawed-off shotguns is prevalent throughout the west. I would urge upon the minister the necessity of inserting a clause taking care of them, because they are very destructive and dangerous.

Mr. GUTHRIE: There is a clause which would include them, but the penalty is not as severe as the clause pertaining to pistols and revolvers. Section 119 states that:

> Everyone is guilty of an offence and liable, on summary conviction to a penalty not exceeding one hundred dollars and costs or to imprisonment for three months or to both fine and costs and imprisonment who,—
>
> (a) not having a permit in form 76a, has upon his person elsewhere than in his own dwelling house, shop, warehouse, counting house or premises, or is carrying concealed any offensive weapon that may be concealed upon the person other than a pistol or revolver.

That section would include the sawed-off shotgun, but the penalty is only three months and a fine.

Mr. REID: I have noticed that.

Mr. SPEAKMAN: A blackjack, or something like that—

Mr. YOUNG: Order; the member for New Westminster has the floor.

Mr. REID: I still think that the sawed-off shotgun should be taken care of either in section 119 or section 118.

Mr. GUTHRIE: How do you describe it? What is the technical description?

Mr. HOWDEN: That is what they call it.

Mr. GUTHRIE: What is the length of a sawed-off shotgun? I have had shotguns sawed off an inch and a half.

Mr. HOWDEN: They saw most of the stock away, and all but two or three inches of the barrel, making a weapon more devastating and dangerous than a pistol.

Mr. GUTHRIE: I know what it is, but how should it be described?

Mr. MALCOLM: A clause could be inserted prohibiting the use of these articles by making it an offence to have one either in the house or upon the person. The weapon described by the hon. member for New Westminster is well known. It has been discussed in police circles for some time, and is more dangerous than the revolver. Its existence cannot be justified on any ground. A clause might be inserted providing a severe penalty against a person, who has either in a dwelling or upon his person such a weapon.

Mr. HANBURY: It might be covered, possibly, by the fact that it is concealed on the person. The ordinary sporting rifle or shotgun could not be so concealed. This weapon, however, can be concealed upon the person.

Mr. SPEAKMAN: I had an idea that one clause might be so worded as to refer to any revolver, pistol or other firearm capable of being concealed on the person, and then the other clause might be altered so as to include any weapon other than a firearm.

Mr. CHEVRIER: I may be absolutely wrong, but I understand the section refers only to those offensive weapons, including pistols and revolvers, which may be concealed upon the person. If that is so, I do not think it refers to the ordinary stock rifle or a gun.

Mr. GUTHRIE: Only to pistols or revolvers.

Mr. CHEVRIER: Is it correct to say that it applies only to firearms such as pistols or revolvers, or such other weapons as may be concealed upon the person?

Mr. GUTHRIE: This section is confined exclusively to pistols or revolvers and is distinct from the next section. I think perhaps there is something in the suggestion that sawed-off shotguns should be included.

Mr. HANBURY: "Or other firearms," because they are concealed on the person.

Mr. CHEVRIER: That does not answer my question.

Mr. GUTHRIE: The wording suggested is "pistol, revolver or other firearm capable of being concealed on the person."

Mr. SPEAKMAN: That is it.

Mr. MALCOLM: That would cover it, but it does not cover cases where these weapons are in dwelling houses. They have no right

to be anywhere. They are weapons intended to be used for criminal purposes. One may judge that the man in whose premises they are found is not holding them for any good purposes.

Mr. GUTHRIE: I must correct that. I know some very wealthy men who have sawed-off firearms in their houses for their own protection. I know that to be a fact.

Mr. CHEVRIER: Suppose I had in my house a collection of revolvers some of which had been given to me as souvenirs of the great war, others belonging to myself and used on hunting expeditions, and suppose I want to take them out of the province, what would I have to do? If I live in Ontario and want to hunt in the province of Quebec, making use of these firearms, I am quite satisfied to obtain a licence or permit in this province, but what will happen if I carry those firearms into another province? Shall I have to obtain another licence?

Mr. GUTHRIE: If there is another provincial law you will have to submit to the law.

Mr. HANBURY: I do not notice anything in the bill about ammunition.

Mr. GUTHRIE: Yes, it is covered.

Mr. HANBURY: Then another point: Are members of the militia and the permanent force carrying revolvers covered?

Mr. GUTHRIE: They will get permits.

The CHAIRMAN: Carried?

Mr. GUTHRIE: Wait until we see what we are carrying. I think there is a good deal of force in the suggestion that we cover the sawed-off shotgun. I will move in the first place:

That section 118, line 9, be amended by inserting after the word "than" the following words: "one year nor more than."

That would make it read:

Everyone is guilty of an indictable offence and liable to imprisonment for not less than one year nor more than five years. . . .

Amendment agreed to.

Mr. GUTHRIE: Then I also move:

That section 118 be amended by striking out the word "or" in the last line and inserting after the word "revolver" the following words:—

"or other firearm capable of being concealed on the person."

Mr. YOUNG: That would apply to a .22 rifle, would it not?

Mr. GUTHRIE: Can you conceal that on the person?

Mr. YOUNG: You can conceal it under your overcoat.

Mr. GUTHRIE: Then it would leave one liable if he concealed it. I think we had better not pick too many holes if we want to get the bill through.

Mr. HOWDEN: If I may make a suggestion, I am inclined to think that the sawed-off shotgun should be dealt with very severely. As suggested by the senior member for Ottawa (Mr. Chevrier) and others, it is possible to go hunting and take a revolver along with the most innocent intent, but anyone who has a sawed-off shotgun under his coat means business. He is a criminal. A bird of that kind should certainly have a special penalty.

Mr. GUTHRIE: He can get up to five years.

Mr. BOUCHARD: I agree with the principle of this bill, but if this disarmament policy is to be carried out efficiently I wonder if we should not start from the nursery. If the children are educated in carrying firearms, later on we must not be surprised if we find they have developed a taste. I do not know if it would be within the scope of this bill to do something to prevent the carrying of toy pistols, which often look exactly like the real thing. This is a complex world, and I wonder sometimes when a criminal is at the bar if humanity itself is not at the bar. Children are getting educated from boyhood to carry arms, I know they are just toys; later on they go to moving pictures and see firearms and pistols displayed, and they copy it in their play. Then later in life the boy having developed the habit of having toy arms will come under the jurisdiction of this bill if he carries a real arm. Sometimes these toys are not easily distinguished from the real thing, and there might be some mistake. I would ask the minister if something could be done.

The CHAIRMAN: Unless the hon. member has an amendment I am afraid he is out of order.

Mr. BOUCHARD: I am just asking the minister if something could be done within the scope of this bill to take care of such cases. I think it is a serious matter.

Mr. GUTHRIE: I had not considered going as far as to prohibit children's toys. It is not the first time I have heard the suggestion, I have received letters on the same subject, but I did not think it was a practical idea.

Mr. MALCOLM: Regardless of what the minister says, I do not think that sawed-off shotguns are used by people in their homes as defensive weapons. I do not think there is any justification for a mutilated shotgun or rifle being in existence, either on a man's person or in his home. I think it is an offensive weapon, and the man who has it is a criminal. The gun was shortened for just one purpose, that is to enable it to be concealed on that man's person. I submit that to this section 118 there should be an amendment. This may be badly drafted and may be subject to correction, but I suggest the following:

> Has in his possession, either on his person, or in his dwelling or place of business, any rifle or shotgun which has been shortened from its original length to a length which would permit it being readily concealed on his person.

I do not think that type of weapon should be in existence at all.

Mr. GUTHRIE: I cannot accept that.

Mr. MALCOLM: Then I will not even submit it.

The CHAIRMAN: Did the hon. member move an amendment?

Mr. MALCOLM: The minister said he would not accept such an amendment, I merely offered it as a suggestion. If the minister does not care to accept it I will not present it.

Amendment withdrawn.

Mr. RALSTON: May I suggest that you leave out the words "capable of being concealed on the person," and say "who is carrying concealed a pistol, revolver, or other firearm." If it is actually being carried concealed it is capable of being concealed.

Mr. GUTHRIE: Would that be any improvement on the language we are using?

Mr. RALSTON: I think we are using more language than is necessary. If we say "carrying concealed a pistol, revolver or other firearm" does that not cover it? It is no use to say "carrying concealed something capable of being concealed" because surely if you are carrying it concealed it is capable of being concealed.

Mr. BURY: It might not be concealed when the arrest was made.

Mr. RALSTON: It is not a matter of arrest; it is a matter of offence. My suggestion is that the words "capable of being concealed" contained in the amendment are liable to misinterpretation and that the real offence that is being aimed at is carrying concealed a pistol, revolver or other firearm. I submit that it does not add anything if we say "other firearm capable of being concealed" because how could you carry it concealed and be guilty of the offence of carrying it concealed unless it was capable of being concealed?

Mr. BURY: The hon. member is not covering the point; he is making one of the conditions for a breach of the provision the fact that the weapon actually must be concealed.

Mr. RALSTON: That is one of the conditions.

Mr. BURY: No; he must be carrying it.

Mr. RALSTON: He must be carrying it concealed.

Mr. BURY: It was suggested by one hon. member opposite that the section should cover a revolver or pistol carried in a motor car or a sleigh. The words suggested by the hon. member would not cover such cases.

Mr. RALSTON: I am only dealing with the section as it is proposed to amend it, according to the way the chairman read it.

Mr. BOTHWELL: In order to carry out that suggestion I think you would have to add the words "or is carrying concealed a pistol, revolver or other firearm."

Sir EUGENE FISET: I am afraid that if this amendment passes you will have to arrest every duck hunter in the province of Quebec. Every time you go duck hunting in a driving rain you put your shotgun under your overcoat, and if you did that you would be subject to arrest. I do not think that should be so, especially in Rimouski where we have so many mounted police particularly during the hunting season. The game laws in Quebec are very stringent now, and I am afraid that if this amendment goes through half our population will be liable to arrest.

Mr. GUTHRIE: I think I prefer the language I first submitted. The offence is concealing the weapon on the person. I quite understand that a weapon may be concealed by being carried in a valise or trunk, but if we describe it as a firearm capable of being concealed on the person I think all cases would be covered.

Sir EUGENE FISET: When you carry a gun hunting you often have it under your coat.

Mr. GUTHRIE: Do not conceal it; carry it outside.

Mr. RALSTON: I think this is limiting it too much.

Mr. GUTHRIE: The only purpose of the amendment is to cover sawed-off shotguns and similar weapons.

Mr. RALSTON: I would stop at "carrying concealed any pistol, revolver or other firearm." That would include a sawed-off shotgun. You do not want to restrict it to small arms.

Mr. GUTHRIE: I think all other arms that can be well imagined are dealt with in the next section, which has to do with offensive weapons.

Amendment agreed to.

On section 119—Dangerous weapons.

Mr. GUTHRIE: I think at the end of subsection (a) we might strike out the word "or" between the words "pistol or revolver" and insert the words "or other firearm." This will make it conform to the previous section.

Mr. RALSTON: Is there any difference between these two sections?

Mr. GUTHRIE: Merely that the words "which may be concealed upon the person" are included here.

Mr. RALSTON: Are not the sections exactly the same?

Mr. GUTHRIE: I have been trying to make them the same. This section excludes the weapons dealt with in the previous section.

Mr. RALSTON: In section 118 I think we have included all firearms that may be concealed upon the person. This section does no more than that; it includes all firearms other than pistols or revolvers which may be concealed upon the person.

Mr. CHEVRIER: What is the purpose behind this section?

Mr. GUTHRIE: We are trying to include sawed-off shotguns or other firearms that may be concealed upon the person. This section is not designed to apply to pistols, revolvers or firearms; it applies to other offensive weapons.

Mr. BURY: I take it that this excludes all the weapons covered by section 118, and therefore it has to follow that section.

Mr. HOWDEN: Does this clause include only those weapons which are not firearms?

[Mr. Guthrie.]

Mr. GUTHRIE: Revolvers and air guns are included. I read the definition from the criminal code.

Mr. POWER: Is there any special provision with regard to the carrying of a pistol or a revolver in an automobile?

Mr. GUTHRIE: No.

Mr. POWER: So that anyone carrying a pistol in an automobile would be obliged to obtain a permit.

Mr. GUTHRIE: That question was raised by an hon. member opposite. I will give it consideration before we are out of committee. It is not provided for in the bill.

Subsection as amended agreed to.

Subsection (b) agreed to.

On subsection (c)—Selling or offering for sale.

Mr. CHEVRIER: I do not see any great objection to this, but I do not think that any undue burden should be placed on those who deal in firearms, which is an old calling. Is there any fee provided for in connection with this subsection?

Mr. GUTHRIE: No, there is no fee.

Subsection agreed to.

On subsection (d)—Selling or lending.

Mr. POWER: What would be considered lawful excuse under this subsection? Would it be a matter of personal friendship—a friend lending someone a revolver to go hunting?

Mr. GUTHRIE: A man might have an excuse which was genuinely lawful. I am not particularly wedded to the words, but I would not make the provision too drastic.

Mr. LAPOINTE: It is drastic enough.

Mr. GUTHRIE: It has been in the law for a long time. I have an amendment to propose. I move that the words "or other offensive weapon" in line 29 be struck out and the words "or other firearm" be substituted therefor.

Mr. POWER: You are restricting the clause. The penalty is for giving away or selling an offensive weapon. There is no necessity for the distinction.

Mr. GUTHRIE: This applies only to pistols and revolvers. This is proposed by the expert of the department. Offensive weapons are provided for in the next subsection.

Mr. POWER: The next subsection deals only with keeping a record.

Mr. GUTHRIE: We will let subsection (d) stand.

Mr. HANBURY: Before we do so, I would suggest that some attention be paid to the words in the last two lines, "anyone not being the holder of a permit." What is "a permit"? What is referred to? I think the minister should look into that. It should be defined more clearly.

Subsection stands.

Subsections (e), (f) and (g) agreed to.

On section 120, subsection 1—Persons who may issue permits. Pistol or revolver permits.

Mr. HANBURY: In connection with subsection 1, I would refer the minister to the practice of members of the militia and permanent forces. They are not necessarily carrying firearms for the protection of life and property.

Mr. GUTHRIE: I think the army regulations provide for that.

Subsection 1 agreed to.

On section 120, subsection 2—Other permits.

Mr. ROSS: Could a person get a permit from a chief of police?

Mr. GUTHRIE: Anybody authorized by the attorney general of the province.

Mr. ROSS: How would one know where to get a permit? How do we know who will have power to issue permits?

Mr. GUTHRIE: I presume the attorney general will give public notice of those to whom application should be made. The law has been the same for a long time.

Mr. MacINNIS: I was going to ask a question on the same point. There seems to be a division of authority. The subsection refers to the commissioner of the Royal Canadian Mounted Police and the attorney general of any province. Supposing a person wanting a permit makes application to the commissioner of the mounted police and is refused a permit. The same person might make application to the attorney general and receive one.

Mr. GUTHRIE: If he is a reputable person, I presume he will have no trouble; he will get the permit.

Mr. MacINNIS: I am not concerned about that, but there seems to be a division of authority in granting the permit. Perhaps it is an overlapping of authority.

Mr. GUTHRIE: When two or more receive authority to perform an act, there is always an overlapping, if one may call it such, but this has been the law for a long time and there has never been any trouble about it.

Subsection agreed to.

Section 120, subsections (3) and (4) agreed to.

Section agreed to.

On section 121—Powers of governor in council.

Mr. HANBURY: As regards paragraph (a) is this legislation in effect now or is it new?

Mr. GUTHRIE: It is in effect now.

Mr. SPEAKMAN: As regards paragraph (b), I may be wrong in my interpretation, but does this mean that when exceptional conditions arise the proclamation may be issued which in effect tightens up the law and limits the holders of guns to such persons as may be exempted in the proclamation? After the proclamation is issued, those who have these weapons in their possession are liable to a certain penalty. Supposing the law has been running along for some time and a number of persons, acting under the law, obtain permits for firearms: then the proclamation is issued and these people find themselves illegally in possession of these firearms. Will they have to turn them in?

Mr. GUTHRIE: No; if they will just leave them in their places of abode, no trouble will come to such persons.

Mr. SPEAKMAN: They could not carry them? This provision would not affect their possession?

Mr. GUTHRIE: No. This is the law now.

Section agreed to.

On section 122—Having pistol or revolver while committing offence.

Mr. ROSS: This is the clause to which I referred some time ago. In Great Britain I believe the term of imprisonment is five years in addition to the ordinary sentence and it is certainly working there with great benefit. A man who acts unlawfully, if he is without a gun, receives an ordinary sentence; but if he has a gun he gets five years additional.

Mr. GUTHRIE: The section formerly provided for a fine of $50 and three months' imprisonment. We have increased this to two years and we thought we were stepping it up pretty well.

Mr. REID: But in British Columbia there were many comments and criticisms regarding this, because men escaped as it could not be proven that they had criminal intent although they had guns in their possession. I know the provision in the old country was brought up. I understand under section 115 criminal intent has to be proven, but this is not the case under section 118, so these people were tried under section 118 because it could not be proven that there was criminal intent simply because a gun was carried.

Mr. GUTHRIE: In section 118 there is no provision with regard to criminal intent. The fact that a person was carrying a gun constitutes the offence.

Mr. HANBURY: I think this section should also be amended to include the carrying of shotguns.

Mr. GUTHRIE: If that is the sense of the committee, I have no objection.

Mr. HANBURY: This is the important place; it is where you get the worst criminal, the man who is holding up a bank. This is the man we want to send to gaol and keep there as long as we can.

Mr. MALCOLM: Make the same amendment as before.

Mr. SPEAKMAN: In this particular case where a man is engaged in a criminal action, the carrying of almost any firearm would be sufficient under the circumstances.

Mr. BROWN: I think in this clause we might very well insert the words "or any firearm."

Mr. GUTHRIE: We had better put it in the words we have used before, and I would move to amend section 122, line 10, by striking out the first word "or" and adding after the word "revolver."

or other firearm capable of being concealed on the person.

Mr. BROWN: Does that strengthen the clause in any way?

Mr. GUTHRIE: It brings in only the sawed-off shotgun.

Mr. SPEAKMAN: In that particular clause which applies only to persons who have been convicted of a criminal offence, I do not think it would be too wide if it applied to the possession of any firearm at the time. That would not be a general clause. It would apply only to those convicted of a criminal offence, and the offence would be just as much an offence whether you were carrying a rifle or a sawed-off shotgun.

[Mr. Guthrie.]

Mr. GUTHRIE: The rifle or shotgun is not a concealed weapon, and this is supposed to be a clause in respect of concealed weapons.

Mr. BURY: Besides, a man might be convicted of an offence that had no connection with the gun at all when he was carrying an ordinary shotgun.

Mr. SPEAKMAN: Yes, it might be too wide.

Mr. BROWN: But it says a criminal offence.

Mr. BURY: Even so, a man might be convicted of a criminal offence with which the possession of a shotgun had no connection.

Amendment agreed to.

Section as amended agreed to.

On section 123.

Mr. HANBURY: This clause does not cover firearms?

Mr. GUTHRIE: It covers rifles and shotguns.

Section agreed to.

Section 124 agreed to.

On section 125—Selling pistol or airgun to minor.

Mr. GUTHRIE: I would ask, Mr. Chairman, that after the word "who" in line 30, the words "sells any firearm or gives or sells any pistol or airgun, or any ammunition therefor," be struck out and the following substituted therefor: "sells or gives any firearm, pistol, revolver or airgun, or any ammunition therefor." The drafting is better than in the section as it stands, they tell me.

Mr. HANBURY: Do I understand from section 125 that it is an offence to give an air rifle or the ammunition for an air rifle to a person under sixteen years of age?

Mr. GUTHRIE: Yes, unless it is established "to the satisfaction of the justice before whom he is charged that he used reasonable diligence in endeavouring to ascertain the age of the minor before making such sale or gift and that he had good reason to believe that such minor was not under the age of sixteen years."

Mr. HANBURY: That does not answer my question. My question is, is it unlawful for a child under sixteen years of age to possess an air rifle, and is it unlawful for a person to give such a child an air rifle or ammunition therefor?

Mr. GUTHRIE: Yes, it is.

Mr. HANBURY: It is unlawful for a father to give his child who is under sixteen an air gun?

Mr. GUTHRIE: Yes.

Mr. HANBURY: Then I do not think that that law is generally understood in Canada.

Mr. GUTHRIE: It has been the law for ten years.

Mr. MALCOLM: It is more honoured in the breach.

Mr. HANBURY: I think this may be the best opportunity we may have for some time to amend the law, if that is the law. It is a ridiculous law which says that a child shall not have an air rifle until he is sixteen. I know as a matter of fact that my child had one for years before he was sixteen, and I did not know that it was against the law. I do not think it is generally known to be against the law. It is not a question of age, but of teaching young children how to handle arms, what to do and what not to do. A boy is not interested in an air rifle after sixteen. After that age he wants a ·22 or something larger, and if air rifles are permitted at all the law should be amended to make the age limit much less than sixteen.

Mr. POWER: In support of what my hon. friend says, may I point this out, which I think will serve to show that this bill goes too far? Under section 125 any person who gives to a minor under sixteen years of age an air gun or the ammunition therefor is guilty of an offence. Take the case of any member of parliament here giving his child under sixteen years of age a ·22 and the ammunition to go with it, to shoot partridge. He would be guilty of an offence, and under section 122 which we have just passed, if this father happened to have a revolver upon him he would have committed a criminal offence and then the law is that he "shall" receive a sentence of two years. So you would be guilty of the offence of having permitted your child to use a ·22, and because you have a revolver along with you on this shooting expedition you have to go to gaol for two years. It would be a pretty dear expedition.

Mr. GUTHRIE: It has been the law a long time.

Mr. POWER: I do not think the law read just quite the same way.

Mr. GUTHRIE: The penalty was not as severe.

Mr. POWER: And I do not know that the word "shall" was in it before. The magistrate has no discretion; that is the worst feature of this bill.

Mr. GUTHRIE: The answer to that is, do not become convicted of a criminal offence.

Mr. POWER: The best answer would be, do not become a father. We have made a criminal offence of something very trivial, and then—

Mr. GUTHRIE: What is the suggestion in regard to the age limit in section 125? That is the crux of the question, I suppose. In the statute now, and for the last ten years, it has been sixteen years of ago. Would it be safe to reduce it?

Mr. HANBURY: Make it ten.

Mr. GUTHRIE: What does the committee think? I have no particular views on the subject.

Mr. LAPOINTE: Have there been any complaints against the law as it was?

Mr. GUTHRIE: Not until to-day.

Mr. HANBURY: Because no one understood that there was such a law. I think the consensus of opinion of the members here is that the responsibility in connection with air rifles is on the father, not on the boy. It is the father's responsibility to teach his boy how to handle the air rifle. I have two boys; from nine years of age they have had air rifles, but they have been taught not to point them at anyone or at anything except when shooting at a target. I think it is up to the parent. Ten years is certainly the limit that should be set, not more than that. I would point out that this bill deals with offensive weapons, not sporting weapons, and it is a question in my mind whether you could consider an air rifle an offensive weapon.

Mr. GUTHRIE: The air rifle is mentioned in the criminal code.

Mr. GEARY: Is it not obvious under section 125 that you can give a firearm to a child, but you cannot give a pistol or an air gun?

Mr. HANBURY: No.

Mr. GEARY: Why not? The wording is "who sells any firearm."

Mr. GUTHRIE: It is changed to "who sells or gives."

The CHAIRMAN: The amendment is, "Who sells or gives any firearm, pistol, revolver or air gun, or any ammunition therefor."

Mr. HOWDEN: This matter ought to receive serious consideration. I have a boy who has been going duck hunting with me for a good many years, and who has been a first class wing shot since he was twelve years old. He is as good as I am.

Mr. ELLIOTT: Better.

Mr. HOWDEN: All right, better. But I do not see why a boy with ordinary gumption and common sense could not be allowed to take a shotgun and go hunting with his elders.

Mr. BURY: The section does not say anything about elders.

Mr. HOWDEN: He is not to be given a gun of any kind if he is under sixteen years.

Mr. BURY: The hon. member said he had to be with elders.

Mr. HOWDEN: According to the law it does not matter whether he is with elders or not.

Mr. GUTHRIE: The idea is not to protect the ducks or the boy, but to protect the public.

Mr. HOWDEN: Is it the considered opinion of the committee that a boy is not capable of intelligently handling a firearm until he is sixteen years old?

Mr. MANION: Some boys.

Mr. HOWDEN: We ought to consider that matter.

Mr. BURY: Hon. members who have spoken about their sons having airguns, and the responsibility being upon the parents, must remember that if through the use of the airgun any accident happens, no matter what the parents may say about the responsibility, they will not be responsible.

Mr. ROWE: They will be.

Mr. BURY: No; the child will be responsible, unless you can prove that the parent had committed some breach of ordinary reasonable care. If you are not going to retain this provision in the criminal code, and prohibit a child under sixteen using an airgun, you cannot hold the parents responsible. If the child's airgun shoots out somebody's eye, he cannot get damages against the parents; every lawyer in the house knows that. You can get damages against the child, whatever good that may be.

[Mr. Guthrie.]

Mr. GUTHRIE: The question is: what is the safe age?

Mr. BURY: I was going to suggest that a child might get a permit where he could show that he was responsible. Under such circumstances a permit could be issued to a child under sixteen.

Mr. CHEVRIER: There is nothing in the act which says that a child under sixteen may have a permit if someone states that he is worthy of having one. What about the cadets? Can they possess guns or firearms?

Mr. LAPOINTE: Where is Miss Macphail?

Mr. CHEVRIER: What about the Boy Scouts? It seems to me that we are going a long way; I did not know that the provision was so drastic. One of my daughters is a very good shot with a twenty-two rifle, and she is not yet sixteen years old. If we put the measure through in its present form I believe we are going a long way.

Mr. BURY: I did not suggest there was anything in the criminal code requiring permits for children, but what I am suggesting is that if we are going to change this clause, provision ought to be made that before a child under sixteen years is allowed to have a gun he should have a permit. We should not swing a door wide open for any child of any age to carry an airgun about the country. It is all very well to say that children of members of parliament are reasonable, and can shoot straight, and that they will not do damage. But the proposal is made to give broad leeway and to remove every prohibition and restriction from the issue of airguns to children under sixteen years of age. I say that is a dangerous course to take. If we are going to make any modification of the restriction we should do so either by slightly modifying the age limit, or by providing that airguns may be given to children under sixteen only if they have obtained permits.

Mr. ELLIOTT: The penalty under section 125 is not upon the child, but upon the parent, or the person who sells or gives the pistol, air gun or ammunition to a minor under the age of sixteen.

Mr. BURY: I was not talking about the criminal liability.

Mr. ELLIOTT: The daughter of the hon. member for Ottawa is not guilty of an offence; the hon. member himself is the guilty party. I believe the situation will be remedied by changing the age limit; I think it should not be above twelve years.

Mr. ROWE: It seems to me that this is a section which very few hon. members have appreciated. To my mind it is ridiculous to think that a child is not capable of handling an air rifle until he is sixteen years of age. Surely in this discussion we are magnifying the power of an air gun. I doubt if any hon. member has ever heard of a child doing any serious damage with one.

Mr. BURY: I have.

Mr. ROWE: I handled one when I was ten years old. It seems to me that if a child is not capable of handling an air rifle until he is sixteen years old, we had better prohibit the use of more powerful firearms until men have reached fifty years of age. To-day at sixteen years a child is a pretty capable citizen. I believe that the clause should be amended so that the child would not be breaking the law if he used an air rifle before reaching the age of sixteen years. I know of many children who are out hunting rabbits with .22 rifles before they are sixteen years of age. I am not suggesting the section should be left wide open, but it seems to me unreasonable to make it unlawful for a child to play with an air rifle until he is sixteen years old. Such a provision is in my view an extreme safety measure. I would suggest a change be made so that the guardian might have some responsibility in the matter, and the child would not be charged with carrying an article which is more or less in the nature of a toy.

Mr. ELLIOTT: I take it that the minister is agreeable to reducing the age limit from sixteen to ten.

Mr. ROWE: To twelve.

Mr. ELLIOTT: I do not think it is possible for a boy who has never handled a gun until his sixteenth year to become a crack shot, or as good as the representatives at the Bisley meet. A boy cannot become a good shot starting at the age of seventeen. Take the boys who go to a camp, or the cadets; if it were suggested to them that we are seriously considering not allowing any boy to take a gun in his hand until after he attains the age of sixteen they would think this house had become bereft of its reason.

An hon. MEMBER: That has been suggested.

Mr. GUTHRIE: Well, can we not settle on something?

Mr. LAPOINTE: I agree we should settle on something.

Mr. GUTHRIE: What would you suggest.

Mr. LAPOINTE: I will move that the age be fourteen.

Mr. MALCOLM: A rifle and an air gun should not be permissible at the same age.

Mr. CHEVRIER: I am not in favour of such a radical reduction as from sixteen to ten, but if you put it at fourteen it would seem more reasonable. I would be prepared to accept something like this, as suggested by an hon. member a few moments ago, that a person might sell or give to a child under sixteen firearms as described in this section under a permit. It would be a hardship to say that a man cannot go out in the bush with his son or a young boy and enjoy a little hunting.

Mr. SPEAKMAN: I doubt whether there is any law more honoured in the breach than this. I know in my country a boy of sixteen is looked upon as being pretty nearly a man.

Mr. GUTHRIE: Well, he can get a permit.

Mr. SPEAKMAN: I do not understand that he is allowed to have a permit now. I know that the great majority of boys in my county are using ·22 rifles for shooting small game. Could the parents or guardians of children of that age not be given the right to provide them with these arms and the parents assume the responsibility under the act?

An hon. MEMBER: What age?

Mr. SPEAKMAN: I would say anywhere about ten, eleven, or twelve. Where it was given by the parent or guardian, the parent or guardian assuming the responsibility, that law would not apply. I am quite certain that the majority of boys in my county between the ages of twelve and sixteen own and carry ·22 rifles and shoot small game, gophers, rabbits and so on. This law is completely ignored at present.

Mr. HANBURY: This section 125 deals only with the giving or selling to children under sixteen. There must be a law that prohibits a child of sixteen or under possessing or using such firearms.

Mr. GUTHRIE: There is not.

Mr. ROSS: Before setting any age, this question might well be considered with the Department of National Defence in connection with cadet shoots and imperial competitions. Any age we might set might interfere with the training of the cadets. I suggest that the question of age be considered with the Department of National Defence and the commissioner of the mounted police.

Mr. GUTHRIE: We can always protect ourselves in that regard by permits. I will move by way of suggestion that the age be fourteen.

Some hon. MEMBERS: Say twelve.

Mr. ELLIOTT: I happen to know a young man, I am almost certain was under fourteen, who won a medal as a cadet.

Mr. GUTHRIE: We are not interfering with them; they will all be provided for.

Mr. ELLIOTT: No one could give him a gun.

Mr. GUTHRIE: Yes. We have military regulations too.

Mr. YOUNG: If I understand the situation aright, and the explanation the minister gave, as the law reads now and will read as amended, a man who gives or lends a rifle to his boy or permits his boy to take one out and use it commits an offence, while if he leaves the rifle around and the boy takes it and shoots, nothing can be done.

Mr. GUTHRIE: That is right. That has been our law for ten years. As to the question of the age, I am willing to agree to any age that suits the committee.

Mr. POWER: My objection is not so much to the age limit. Section 122 imposes the very drastic penalty of two years on anyone who under certain circumstances permits a child under sixteen years of age to shoot. I think the amendment should be to section 122.

Mr. GUTHRIE: That is a different section altogether. It deals with a man who has been convicted of an offence.

Mr. POWER: Section 125 creates a criminal offence, punishable by a fine. But if the firearm was on the person under the circumstances laid down in section 122 the magistrate has no discretion but must sentence him to two years. So in a large number of cases where this offence under 125 is committed the offender would be sentenced to two years. I think that is going too far.

Mr. GUTHRIE: Does my hon. friend consider that the imposition of a fine indicates a criminal offence?

Mr. POWER: I think so.

Mr. GUTHRIE: I doubt it.

Mr. POWER: "Every one is guilty of an offence." This is the criminal law.

Mr. GUTHRIE: But a criminal offence and an offence for which a fine can be imposed are very different things.

[Mr. Ross.]

Mr. BURY: I think my hon. friend is mistaken. Section 122 says that:

> Every one who has upon his person a pistol or revolver while committing any criminal offence—

The case my hon. friend refers to is where a father gives or sells a shotgun—

Mr. POWER: Or ammunition.

Mr. BURY:—or any firearm to a boy under sixteen. The offence there has already been committed. If he was caught out shooting with his son with the firearm he would not be arrested while committing the offence. The offence mentioned in section 122 is a prior act. If the father were arrested afterwards for giving or selling the firearm to the boy that would not be the offence dealt with in section 122.

Mr. ROSS: For the sake of information I should like to ask what military regulations permit a minor to be in possession of a rifle. I know of none.

Mr. GUTHRIE: This law has been on the statute book for at least ten years.

Mr. ROSS: I may be wrong, but I do not know of any military regulation that permits a minor to be in charge of a rifle if the law says he shall not have one, unless it is on a campus with his cadet corps. I suppose these cadets in the schools might be out shooting somewhere with their instructor, and a policeman might come along and demand to see their permit, but I do not know of any military regulation that permits a minor to have a rifle.

Mr. GUTHRIE: The military regulations do provide for equipment, and I assume that ammunition and rifles form part of the equipment of a soldier. Military laws are recognized in the criminal code; they include the king's orders and regulations for the army, and so on, and any act of the United Kingdom applying to His Majesty's troops in Canada, and all other orders, rules, regulations of whatever nature or kind applying to His Majesty's troops in Canada.

Mr. ROSS: Do the cadet companies come under the military regulations?

Mr. GUTHRIE: I have always so understood.

Mr. LAPOINTE: I suggest that we have spent enough time on this section. Though I favour the age limit being placed at fourteen it seems to be the opinion of the majority of the committee that it should be twelve, so let us make it twelve and pass the section.

Mr. GERSHAW: The first day of the hunting season is always a busy one for doctors because of the accidents which occur, and I would leave the section as it is.

The CHAIRMAN: It is moved by Mr. Manion that section 125 be amended by inserting the word "twelve" instead of the word "sixteen" in lines 32 and 36.

Amendment agreed to on division.

On section 127—Refusing to deliver offensive weapon.

Mr. GUTHRIE: It has been pointed out that the words "of the peace" should be added in lines 3 and 5, after the word "justice" to make it read "justice of the peace."

Amendment agreed to.

Mr. GUTHRIE: I move that subsection 2 of this section be struck out.

Amendment agreed to.

On section 129—Immigration officers added to those who may carry weapons.

Sir EUGENE FISET: I hope this applies to military reserves.

Mr. GUTHRIE: This is the old section; there is no change.

Mr. HANBURY: This section provides that certain officers can purchase weapons which need not be registered. I think they should be registered.

Mr. GUTHRIE: I do not see anything here about the purchase of weapons. There is no change in this or in the next two sections.

Section agreed to.

On section 2—Permits cancelled.

Mr. ELLIOTT: By whom are these permits issued?

Mr. GUTHRIE: By the commissioner of the mounted police or such persons as he may designate, and by the attorneys general of the provinces and such officers as they may designate.

Sir EUGENE FISET: Will there be any charge for these permits?

Mr. GUTHRIE: No.

Section agreed to.

Sections 3 and 4 agreed to.

Mr. GUTHRIE: I should like to return to section 123. My hon. friend the senior member for Ottawa has pointed out that we should add the words "of the peace" after the word "justices" in line 17, to make it read "justices of the peace."

Amendment agreed to.

Mr. LAPOINTE: The same amendment will apply to section 124. You have the same thing there.

Mr. GUTHRIE: Yes. As my hon. friend observes, also in line 24, section 124, it should be "two justices of the peace."

Amendment agreed to.

Mr. ELLIOTT: The minister, speaking about section 118, thought that possibly an amendment might be suggested with regard to firearms in motor vehicles.

The CHAIRMAN: I would remind the committee that subsection (d) of section 119 has not passed.

Mr. GUTHRIE: I would ask that that be allowed to stand.

Subsection stands.

Progress reported.

On motion of Mr. Guthrie the house adjourned at 5.55 p.m.

Thursday, March 30, 1933

The house met at three o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, March 30, 1933.

Sir,—I have the honour to inform you that the Right Hon. Lyman P. Duff, Chief Justice, acting as the deputy of His Excellency the Governor General will proceed to the Senate chamber this day at 5 p.m. for the purpose of giving the royal assent to certain bills.

James. F. Crowdy,
Secretary.

RAILWAYS AND CANALS

Mr. J. H. HARRIS (Toronto-Scarborough) presented the first report of the select standing committee on railways, canals and telegraph lines, as follows:

Your committee has considered Bill No. 41, an act to incorporate The Sarnia-Port Huron Vehicular Tunnel Company, and has agreed to report it with amendments.

With regard to the said Bill No. 41, the proposed capital stock is 100,000 shares of no par value. As no provision exists in standing order 93 (3) for a charge being made when the capital stock has no par value, your committee recommends that, for taxing purposes, the capital stock be considered as worth $5 per share, and that, therefore, a capital stock fee of $200 be charged.

Your committee has ordered that Bill No. 41 be reprinted, as amended.

All of which is respectfully submitted.

Mr. HARRIS moved that the report be concurred in.

Motion agreed to.

JUDGE STUBBS

PETITION ASKING THAT HE BE RETAINED IN OFFICE

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, I desire to present to the house a petition largely signed by citizens of the city of Winnipeg and its suburbs, to the extent of over fifty thousand names, and largely signed also by other citizens of Canada outside of Winnipeg. It relates to a certain inquiry recently conducted into the conduct and capacity of His Honour Lewis St. George Stubbs, senior judge of the county court of Winnipeg. The purport of this prayer is—

Mr. SPEAKER: The hon. member can present the petition and it will be received by the clerk and referred to the proper authority, but it is not competent for the hon. member to make a speech in connection with it.

Mr. KENNEDY (Winnipeg): I do not propose to, Mr. Speaker, but under the rules I am permitted to state the purport of the petition.

Mr. SPEAKER: I understood the hon. member to have already stated the purport of the petition.

Some hon. MEMBERS: No, no.

Mr. BROWN: Is the petition addressed to the house or to the government?

Mr. KENNEDY: To the House of Commons.

Mr. SPEAKER: That remains to be seen. It will be dealt with by the proper authority. It may or may not be in order.

Some hon. MEMBERS: Let us hear it.

Some hon. MEMBERS: Go on.

Mr. KENNEDY (Winnipeg): May I speak to the point of order, Mr. Speaker?

Mr. SPEAKER: Certainly.

Mr. KENNEDY (Winnipeg): Under rule 731.

> Every member offering to present a petition to the house, not being a petition for a private bill, or relating to a private bill before the house, shall confine himself to a statement of the parties from whom it comes, of the number of signatures attached to it, and of the material allegations contained in it,—

and, Mr. Speaker:

—to the reading of the prayer of such petition.

[Mr. Harris.]

I ask leave merely to state the nature of the prayer without reading the petition.

Mr. SPEAKER: Did I understand the hon. member to quote what he called a rule?

Mr. KENNEDY (Winnipeg): Yes, Mr. Speaker, rule 731 of Beauchesnes's Parliamentary Rules and Forms.

Mr. SPEAKER: That is not a rule. It is merely the number of a paragraph in a book.

Mr. KENNEDY (Winnipeg): Am I to understand, Mr. Speaker, that it has no force in this house. I wish merely to state that the purport of the petition is that His Honour Judge Stubbs be left secure in his office.

Mr. SPEAKER: Very well.

PRIVATE BILLS COMMITTEE

Mr. T. H. STINSON (Victoria, Ontario) moved concurrence in the recommendation contained in the third report of the select standing committee on miscellaneous private bills, respecting Bill No. 51, to incorporate the Devonshire Jockey Club.

Motion agreed to.

CIVIL SERVANTS—PENSIONS

Hon. C. H. CAHAN (Secretary of State): Mr. Speaker, on February 20, a question was passed as an order for return on the motion of the hon. member for Drummond-Arthabaska (Mr. Girouard) asking how many persons employed by the government of Canada receive a pension from the pension board, in addition to their salary. The hon. member has inquired why this return has not been brought down. The reason is that it requires reference to persons employed by the government throughout Canada from the Atlantic to the Pacific and involves making hundreds, perhaps thousands of inquiries. I am informed by the various departments that it is impossible to prepare this return from departmental records, and that if the inquiry is to be proceeded with several weeks may elapse before it is finished.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*VANCOUVER HARBOUR COMMISSION—DISMISSALS

Mr. MACKENZIE (Vancouver Centre):

1. Were the following recently dismissed by the Vancouver board of harbour commissioners: W. D. N. Eckringill, D. McIntyre, E. J. Dougherty, W. McCullough, T. Payne, W. Wright?

2. In each case (a) how long had he served at the Ballantyne pier, Vancouver; (b) what was the length of his overseas service; (c) what was the reason for dismissal; (d) was his place filled by another appointee; (e) did such appointee have overseas service?

Mr. BENNETT: That question, in the nature of things would be very difficult, in fact impossible for the government to answer. We will have to communicate with the officials. A number of the questions I am informed are not questions that the officials are in a position to answer without making definite inquiry, because they are not questions they ask employees as they are employed.

Mr. MACKENZIE (Vancouver): I asked similar questions last year, and received quite satisfactory answers.

Mr. BENNETT: It took a long time to get them.

Mr. MACKENZIE (Vancouver): Three or four weeks.

Mr. SPEAKER: Answered.

TRACADIE, N.B., LAZARETTO

Mr. VENIOT:

1. How many tenders were submitted for repairs, improvements and alterations to the Tracadie lazaretto in 1932?

2. Who were the tenderers, and what was the amount of each tender?

3. Who was the contract awarded to, and for what amount?

4. How much, if any, did the contractor get in extras, over the amount of his tender?

5. What was the department engineer's estimate for the above work?

6. Was there an inspector on the work as specification No. 4312 called for?

7. Was the work not begun for some time after the tender was accepted, and why?

Mr. STEWART (Leeds):

1. Seven.

2. J. S. Parker, $3,866; Geo. Eddy Company, Limited, $4,750; Somers & Ramsay, $4,780; J. A. Pinault, $5,150; J. and D. A. Harquail Co., Limited, $5,500; Sylvain Arsenault, $5,650; E. J. M. Bourgeois, $6,137.

3. (a) J. S. Parker; (b) $3,866.

4. $24.20 for new steps.

5. $5,500.

6. Work was inspected by W. W. Allingham, resident architect, Saint John.

7. Tender was accepted on September 10, 1932, and according to specification was to be finished in two months. The final estimate was forwarded by the resident architect on November 7.

TRADE WITH FRANCE

Mr. GIROUARD:

1. What was the value of the imports from France for the years 1930-1931-1932?

2. What was the value of the exports from Canada to France for the same years?

Mr. STEVENS:

1. Canada's imports from France for the calendar years 1930, 1931 and 1932 were:

Calendar Years	
1930	$21,285,389
1931	14,155,421
1932	9,514,215

2. Canada's exports to France for the calendar years 1930, 1931 and 1932, were:

Calendar Years	Canadian Produce	Foreign Produce
1930	$13,668,955	$127,527
1931	17,335,095	96,905
1932	14,468,798	63,752

WOODSTOCK, N.B., MOUNTED POLICE BUILDING

Mr. VENIOT:

1. Who owns the building under rental to the Royal Canadian Mounted Police, at Woodstock, New Brunswick?

2. What rental is paid, and to whom?

3. What is the term of rental in months or year?

4. What agreement has been made between the province of New Brunswick and the federal government for policing the province, and will the government show a copy of agreement along with their reply to this question?

5. What amount was agreed upon between the government of New Brunswick and the federal government to be paid for the equipment taken by the latter government from the former in 1932?

Mr. GUTHRIE:

1. Mr. R. P. Hartley, Fredericton, N.B.

2. $50 per month to Mr. R. P. Hartley.

3. On a month to month basis.

4. Agreement as per orders in council of March 31, 1932 (P.C. 721).

5. An offer of $40,000 has been made by the R.C.M. Police, but up to the present this has not been accepted by the government of New Brunswick.

RADIO COMMISSION—MR. E. C. BUCHANAN

Mr. GRAY:

Did Mr. E. C. Buchanan, recently appointed director of public relations to the Canadian Radio Broadcasting Commission, receive any money by way of compensation for services rendered to the government in connection with the Imperial economic conference held in Ottawa, 1932?

Mr. BENNETT: No payment by way of compensation was made to Mr. E. C. Buchanan from the Imperial economic conference vote, 1932, or by the Department of External Affairs.

COFFEE IMPORTS

Mr. BARIBEAU:

1. How many pounds of coffee were imported into Canada during each of the years 1931 and 1932?
2. What was the value of the coffee so imported during each of the above years?

Mr. STEVENS:

1 and 2. Canada's imports of green coffee (entered for consumption in Canada) for the calendar years 1931 and 1932 were:

(a) Coffee, green, imported direct from the country of growth and production, or purchased in bond in the United Kingdom:

Imports from		1931	1932
United Kingdom..	Lb.	2,614,778	2,617,440
	$	463,130	439,902
Aden..	Lb.	7,718	18,689
	$	1,803	3,771
Africa, Br. East.. ..	Lb.	1,531,643	4,352,990
	$	128,334	401,636
Africa, Br. South.. .	Lb.	22,080	—
	$	1,373	—
British India.. .. .	Lb.	112,308	78,456
	$	21,664	14,901
Ceylon..	Lb.	11,044	—
	$	2,823	—
British Guiana.. ..	Lb.	27,500	175,705
	$	1,770	13,910
Jamaica..	Lb.	6,858,740	7,907,620
	$	691,467	891,126
Trinidad and Tobago.. ..	Lb.	570,939	683,650
	$	53,118	70,597
Other Br. W. Indies.. ..	Lb.	24,265	—
	$	2,778	—
Abyssinia..	Lb.	206,465	65,481
	$	27,147	9,434
Brazil..	Lb.	11,322,374	7,122,998
	$	917,130	669,017
Colombia..	Lb.	5,676,717	5,650,871
	$	882,484	698,420
Costa Rica..	Lb.	87,270	44,610
	$	18,163	8,074
French Africa.. ..	Lb.	10,572	8,818
	$	1,527	1,031
Guatemala..	Lb.	130,447	71,809
	$	19,697	10,981
Hayti..	Lb.	—	2,114
	$	—	325
Mexico..	Lb.	1,484,718	729.036
	$	243,017	110,767
Netherlands..	Lb.	200	—
	$	34	—

[Mr. Gray.]

TEA IMPORTS

Mr. BARIBEAU:

1. How many pounds of tea were imported into Canada during each of the years 1931 and 1932?
2. What was the value of the tea so imported in each of the above years?

Mr. STEVENS:

1 and 2. Canada's imports of tea (entered for consumption in Canada) for the calendar years 1931 and 1932, were:

Imports from		1931	1932
United Kingdom. . .	Lb.	12,472,585	13,468,731
	$	2,796,486	2,575,629
British India. . . .	Lb.	10,739,135	17,049,280
	$	1,876,828	1,938,478
Ceylon.	Lb.	6,579,077	7,027,120
	$	1,371,135	1,028,930
Hong Kong.	Lb.	132,819	119,543
	$	18,894	18,695
Palestine.	Lb.	—	61
	$	—	21
Argentina.	Lb.	590	3,722
	$	115	715
China.	Lb.	119,038	80,497
	$	23,214	16,223
Dutch East Indies. .	Lb.	39,655	15,085
	$	3,865	1,135
Germany.	Lb.	75	—
	$	60	—
Japan.	Lb.	2,989,899	2,635,788
	$	373,650	292,756
St. Pierre and Miquelon. . . .	Lb.	—	48
	$	—	21
United States. . . .	Lb.	42,609	17,872
	$	14,397	5,674
Total.	Lb.	33,115,482	40,417,747
	$	6,478,644	5,878,277
British countries. . .	Lb.	29,923,616	37,664,735
	$	6,063,343	5,561,753
Foreign countries. . .	Lb.	3,191,866	2,753,012
	$	415,301	316,524

GROSS WEEKLY REVENUE OF RAILWAYS

Mr. GIROUARD:

1. What was the weekly gross revenue for the Canadian National Railways since January 1, 1932?
2. What was the weekly gross revenue of the Canadian Pacific Railway during the same period?

Mr. MANION:

Estimated Railway Earnings.

Weekly gross revenues of both railways as reported to the Dominion Bureau of Statistics were as follows, from January 1, 1933, contrasted with corresponding weekly periods in 1932:—

Period ended	Canadian Pacific 1933	Canadian Pacific 1932	Canadian National 1933	Canadian National 1932
January 7	$1,598,000	$2,052,000	$2,000,014	$2,743,417
January 14	1,551,000	2,049,000	2,166,365	2,849,712
January 21	1,922,000	2,139,000	2,278,143	3,008,121
January 31	2,605,000	2,964,000	3,279,067	3,955,535
February 7	1,777,000	2,178,000	2,234,868	3,064,001
February 14	1,711,000	2,120,000	2,316,046	3,078,251
February 21	1,772,000	2,129,000	2,338,347	3,077,593
February 28	1,837,000	2,617,000	2,565,962	3,623,169
March 7	1,984,000	2,377,000	2,416,746	3,176,741
March 14	2,011,000	2,276,000	2,415,539	2,982,264
March 21	2,003,000	2,298,000	2,470,961	3,208,584

Canadian National figures are for the complete system in Canada and the United States.

ADVANCE TO CANADIAN PACIFIC RAILWAY

Mr. GIROUARD:

1. On what date was the sum of $2,447,000 advanced to the Canadian Pacific Railway?
2. Did the Canadian Pacific Railway subscribe to the national service loan of 1932, and if so, for what amount?
3. On what date was said subscription made?
4. When was it paid?

Mr. MANION (for Mr. Rhodes):

1. $1,447,222.71 was paid on October 17, 1932. The advance of $1,000,000 which has been authorized has not yet been paid.

2, 3 and 4. There is no complete departmental record of loan subscriptions as bonds are taken up directly by clients through their banks.

A statement was made on this matter in the House of Commons on February 7 (see page 2009 of unrevised Hansard).

QUESTIONS PASSED AS ORDERS FOR RETURNS

C.G.S. LABRADOR

Mr. GARDINER:

1. From whom was the vessel, C.G.S. Labrador purchased?
2. When was it purchased?
3. What amount was paid for it?
4. To whom was this amount paid and in what way?
5. What repairs and additions have been made to this vessel since the government purchased it?
6. What was the cost of such repairs and additions?
7. Who performed such repairs and additions?

Mr. DURANLEAU: This return is now tabled.

VANCOUVER HARBOUR COMMISSION—DISMISSALS

Mr. MACKENZIE (Vancouver Centre):

1. Were the following recently dismissed by the Vancouver board of harbour commissioners: W. D. N. Eckringill, D. McIntyre, E. J. Dougherty, W. McCullough, T. Payne, W. Wright?
2. In each case (a) how long had he served at the Ballantyne pier, Vancouver; (b) what was the length of his overseas service; (c) what was the reason for dismissal; (d) was his place filled by another appointee; (e) did such appointee have overseas service?

CANADA SHIPPING BILL

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, may I ask the Minister of Marine if he has received a communication from the Canadian Merchant Service Guild of Vancouver representing shipping interests urging him that the bill respecting the Canada Shipping Act be not put through this house this session, in order that they may have an opportunity of looking into it. What is the minister's attitude in that regard?

Hon. ALFRED DURANLEAU (Minister of Marine): Mr. Speaker, from memory I cannot answer my hon. friend as to whether or not the body to which he has referred has sent representations to my department. We have received some representations urging the passage of the bill, and others urging delay. However, I think the public interest would be best served if we proceeded at this session. I am told proceedings are going on fairly well in the Senate and I hope we will be able to proceed at this session in this chamber.

Mr. NEILL: We will be here until September, then.

Mr. R. W. GRAY (West Lambton): Mr. Speaker, may I ask the Minister of Marine if the evidence before the Senate committee taken on the shipping bill will be printed?

Mr. DURANLEAU: I am told that up until this date the sittings of the committee have not been reported.

Mr. GRAY: Will they be?

Mr. DURANLEAU: I cannot speak for the Senate, but it may be that when hearings begin next week the testimony will be reported. I am not sure.

CRIMINAL CODE AMENDMENT

CARRYING PISTOL, REVOLVER OR OTHER OFFENSIVE WEAPON WITHOUT PERMIT

The house resumed from Wednesday, March 29, consideration in committee of Bill No. 53, to amend the criminal code (offensive weapons)—Mr. Guthrie—Mr. Cowan (Port Arthur) in the chair.

The CHAIRMAN (Mr. Cowan, Port Arthur): How far had we gone?

Mr. GUTHRIE: When section 118 was under discussion yesterday it was permitted to stand in order that some amendment might be drafted to cover the case of concealed pistols and revolvers and other weapons in motor cars or other vehicles. After consultation with officials of the department I submit the following amendment:

That section 118 be amended by adding after the word "concealed" in the 12th line the words:—

"upon his person or in any vehicle under his control or of which he is an occupant."

Mr. CASGRAIN: What about an airplane?

Mr. HANBURY: I think the word vehicle should be defined.

Mr. LAPOINTE: Does it include a boat or airplane?

Mr. GUTHRIE: "Vehicle" is a comprehensive word, including all land transport on our highways.

Mr. CASGRAIN: That would not cover an airplane.

Mr. GUTHRIE: I do not see any objection to covering an airplane.

Mr. HANBURY: Would that also cover the case of a person who happened to be in an automobile where a concealed weapon was, whether he knew it or not?

Mr. GUTHRIE: It would apply to the man who had knowledge of it or who was concealing it.

Mr. BROWN: Might not that phrase "of which he is an occupant" make it apply to an innocent man?

Mr. GUTHRIE: No. The word "occupant" is to distinguish from the man who is in control. The occupant may be the man who conceals it; without this wording he might get out by saying, "I am not the man in control of the car."

[Mr. Geary.]

Mr. BROWN: But if it is concealed in the car without his knowledge?

Mr. GUTHRIE: If he did not do it he is not liable.

Mr. HANBURY: Does this also cover the sawed-off shotgun of which we spoke yesterday?

Mr. GUTHRIE: Yes.

Mr. YOUNG: Will you read the whole section as amended?

The CHAIRMAN (Mr. Cowan, Port Arthur): Section 118 will read as follows:

Every one is guilty of an indictable offence and liable to imprisonment for not less than one year and not more than five years who, not having a permit in form 76, has upon his person elsewhere than in his own dwelling house, shop, warehouse, counting house, or premises, or is carrying concealed upon his person or in any vehicle under his control or of which he is an occupant, a pistol or revolver—

Mr. YOUNG: That does not cover the sawed-off shotgun.

Mr. GUTHRIE: There is another amendment. I think I can read it as amended:

Every one is guilty of an indictable offence and liable to imprisonment for not less than one year nor more than five years who, not having a permit in form 76, has upon his person elsewhere than in his own dwelling house, shop, warehouse, counting house, or premises, or is carrying concealed a pistol, revolver or other firearm capable of being concealed upon the person, or in any vehicle under his control or of which he is an occupant.

Mr. MARCIL: Supposing a taxi-driver has a pistol, the mere fact of being a passenger might make one liable.

Mr. GUTHRIE: Unless the taxi man conceals a weapon he is not liable, and unless the occupant conceals it he is not liable.

Section as amended agreed to.

On sections 123, 124 and 127.

Mr. GUTHRIE: Then there was an amendment which we made yesterday which is unnecessary. I overlooked the Interpretation Act, which defines the word justice. We added the words, "of the peace" in four instances yesterday, but under the Interpretation Act "justice" means "justice of the peace" or two "justices of the peace," so it is unnecessary to use anything more than the word "justice." So in those four cases where we put in yesterday the words "of the peace" they can be struck out. I move that they be struck out.

Motion agreed to.

Mr. CHEVRIER: At the risk of asking an unnecessary question I wish to ask this, because I have had a number of inquiries, so I hope the minister will forgive me asking the question in order that it may be clear on the record.

As I understand it, this act is directed only towards such weapons as pistols, revolvers and other offensive weapons that may be concealed on the person. The question I have been asked repeatedly is, What about a man who leaves his home with a rifle or shotgun and takes the train for a hunting expedition? Is there any formality incumbent upon this person in order to be protected? If the minister would say as to that it would remove a lot of difficulty.

Mr. GUTHRIE: No, a man who is carrying a shotgun or rifle going shooting is not involved in this in any way at all.

On section 119 (d).

Mr. GUTHRIE: Subsection (d) of section 119 was not passed because it was said that there might be an amendment. I have decided not to offer any amendment, to allow it to go as it is printed.

Bill reported, read the third time and passed.

ROYAL CANADIAN MOUNTED POLICE

PAYMENTS BY PROVINCES—DISPOSITION OF EXTRA EARNINGS—PENSIONS

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Royal Canadian Mounted Police Act to provide that money paid by the provinces for services of the force may be utilized for its maintenance; and for the disposition of moneys earned by any member of the force over and above his regular salary, pay and allowances; and to authorize the governor in council to determine by regulation the amount of allowance for pension purposes; and to make further provision respecting the counting of service in South Africa by officers and constables for the purposes of pension.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. MACKENZIE KING: May I ask the minister a question with respect to the clause in the resolution which sets forth that money paid by the provinces for services of the force may be utilized for its maintenance. Does that mean that the moneys that are paid by the provinces for the services of the force will not go into the consolidated revenue fund but will be available immediately for the purpose of paying the force? If such is the case it might create confusion and misunderstanding in the accounts of the force as to the total amount paid out; in other words, the cost of the force to the country.

Mr. GUTHRIE: At present agreements have been made with six of the provinces of Canada whereby the provincial police forces which formerly existed have been merged with the Royal Canadian Mounted Police force. Under these formal agreements, which were authorized by a statute of this parliament, there is payable to the consolidated revenue fund annually the following amounts:

Alberta	$225,000
Saskatchewan	175,000
Manitoba	125,000
Nova Scotia	150,000
New Brunswick	100,000
Prince Edward Island	15,000

Out of these moneys the mounted police maintain an establishment in each of these provinces for the enforcement of law, doing the work formerly done by provincial police. Heretofore these moneys have been paid into the consolidated revenue fund and have stayed there, and this is to make these moneys available as they are paid—I believe they are paid half yearly—to carry on the work of the mounted police. The proposal in the bill which I will submit if this resolution is passed is to this effect:

Notwithstanding the provisions of the Consolidated Revenue and Audit Act 1931, the governor in council may, whenever in his discretion he deems it necessary or advisable so to do, direct that moneys payable by the provinces under the provisions of subsection 2 of this section, be utilized for the maintenance of the Royal Canadian Mounted Police.

During the present session, as the house is aware, it has been necessary to utilize about $350,000 of this money in order to carry on the work in these provinces, and about two weeks ago a supplementary estimate was authorized by this house to enable us to get that money from the consolidated revenue fund. As in the past the money will be paid into that fund, but it will be paid out on order of the governor in council if it is found necessary that this should be done.

Mr. MACKENZIE KING: May I ask the minister if the effect of this method will not be to conceal from parliament the real or total expense of the force as a whole. If the money for the Royal Canadian Mounted Police is appropriated in full in the regular manner this house and the country will know exactly what the force is costing, but if moneys are paid in to some fund by the provinces, and then made available for use at the

discretion of the minister in order to meet part of the expenses of the force, that cost will hardly be apparent. It may be covered up altogether.

Mr. GUTHRIE: But the money cannot be paid out except for purposes authorized in the vote of parliament. Here we authorize the expenditure of sufficient money to carry on the work of the force, but of that money there is some $819,000 which comes to us from the various provinces. No money can be paid unless it is first authorized by a vote of parliament.

Mr. STEWART (Edmonton): I fail to get the drift of the minister's remarks. He says the money will be paid into the consolidated revenue fund as usual and that it will be paid out of that fund by order in council. Is it not available while it is in that fund for the expenses of the police force or for any other purpose?

Mr. GUTHRIE: The difficulty seems to be to get it out of the fund. During this past year, for instance, we were short $350,000 by reason of the fact that we could not get it out of the fund. This is money paid by the provinces into that fund; I suppose the agreement might have provided that the money should be paid to the mounted police, but that was not done.

Mr. STEWART (Edmonton): I fail to understand the difficulty. The money is in the consolidated revenue fund and is available for payment; it is not tied up there so that you cannot use it. You can pay it out from time to time, from month to month if necessary; you must be drawing upon it now for the support of the force. Surely the minister does not suggest that because it goes into the consolidated revenue fund it must remain there for any definite length of time. It belongs to the revenue fund of Canada, in common with every other payment that is made.

Mr. GUTHRIE: Then I can see no objection to the money being paid out by order in council as it may be required.

Mr. STEWART (Edmonton): Is this money transferred into a separate fund for the particular purpose of taking care of the mounted police?

Mr. GUTHRIE: That is what we want to do with it. We want to take that money as it comes in and apply it to the expenses of the mounted police in carrying on the work in those provinces.

[Mr. Mackenzie King.]

Mr. LAPOINTE: Was the money paid by those six provinces last year sufficient to meet the expenditures made in those provinces?

Mr. GUTHRIE: Yes, it covered all the extra work we did in those provinces. Of course before the agreements were signed at all we carried on work in the western provinces which is still being carried on, but in all the provinces the amount paid in has been sufficient to meet the extra expense necessary to carry on the work.

Mr. LAPOINTE: Will the minister explain what is meant by these words in the resolution:

—and for the disposition of moneys earned by any member of the force over and above his regular salary, pay and allowances;

What does that mean?

Mr. GUTHRIE: There are various commissions, payments and rewards which come into the hands of constables in the performance of their duties, such as seizures for the customs department and so on. The idea is to create a central fund, a trust fund, into which all these moneys shall be paid. The officers, non-commissioned officers or constables are not to be allowed to use those moneys for their own purposes. There has been such a fund established for some time, and it is only proposed now to vary the conditions which apply to such moneys. That fund has been established under section 21 of the Royal Canadian Mounted Police Act; under that act it is provided that the moneys in the fund shall be paid to the minister and shall be paid out by him as follows:

(a) for the benefit of members of the force and their families and the families of deceased members of the force; or

(b) to such benefit fund established or as may hereafter be established in the interests of the members of the force or their dependents.

It is proposed to amend that section as follows:

Notwithstanding the provisions of any act inconsistent herewith, all fines and the proceeds of all forfeitures and seizures and all portions of any fine and of any forfeiture or seizure that may be awarded or adjudged to any member of the force in connection with the performance of his duties shall be paid to the minister.

There is no change in that. Here is where the change takes place:

All fees or costs which are ordinarily paid to any member of the force and any remuneration granted to or awarded him by way of salary, commission or fee for duties performed for any department of the federal, provincial or territorial governments or any other organization, or any money whatsoever earned,

awarded or granted to him in connection with the performance of his duties over and above his regular salary or pay and allowances as a member of the force, shall be paid to the minister, except cases in which the minister may from time to time otherwise direct, and this subsection shall be deemed to have come into operation on the 1st day of June, 1932.

The change in this section is set out in the explanation submitted by the commissioner of the force and printed with the bill. It reads:

It will be observed from the above quoted section that there is no provision making it obligatory that all amounts of remuneration, commissions or fees such as those granted in the enforcement of provincial or territorial game laws, salaries or commissions to members of the force acting as collectors of customs at remote points and similar moneys granted to other members of the force, such as costs and so forth, shall be paid to the minister for deposit to the benefit trust fund.

It is now considered that all moneys, fees, costs and any remuneration or commission granted to members of the force of whatever nature, over and above their regular salaries or pay and allowances as members of the force should be paid to the minister for deposit to the benefit trust fund and the new section 21 is intended to accomplish this.

The new section is intended to accomplish this.

Mr. MACKENZIE KING: What is the present practice with respect to fixing the amount for pension? Is it not done by parliament?

Mr. GUTHRIE: Yes, to some extent. The question of allowances is one that has caused some difficulty. Allowances include house rent where an officer or non-commissioned officer is not living in barracks, and the difference in the value of house rent and barrack accommodation has given rise to considerable confusion and a good many inequalities. The old section 44 provided that an officer who is retired compulsorily for any cause other than misconduct or inefficiency, after ten years' service, shall be entitled to a pension for life not exceeding one-fiftieth of the pay and allowances of his rank or permanent appointment at the time of his retirement for each completed year of service. It may so happen that on account of the exigencies of service two officers of equal rank may be receiving different values in connection with allowances. For example, one officer may be living in government quarters in barracks, rent free, and another in a rented house outside barracks and the value of the accommodation may be entirely different. Again, rations for one officer living in a remote region are naturally more costly than those of an officer living in a comparatively thickly populated section. Under these circumstances, ever since officers of the force were granted the privilege of pensions in 1902, it has been customary for the governor in council to determine from time to time what amounts shall be authorized for allowances. Notwithstanding this, the question recently arose as to whether the police act permitted such a procedure, and the intention of the proposed amendment is to legalize past practice and to remove any doubt in regard to the matter.

Mr. MACKENZIE KING: In view of what the minister says, it seems that the clause as drafted is misleading. Reading it, one would assume that the governor in council hereafter was to fix the pensions for the Royal Canadian Mounted Police. The resolution authorizes the governor in council "to determine by regulation the amount of allowance for pension purposes." I understand from the minister now that this is intended to relate only to the matter of allowances apart from or in relation to or in addition to pensions. In other words, it remains with parliament to determine pensions, but the governor in council may determine the allowance in relation to pensions.

Mr. GUTHRIE: Yes.

Mr. MACKENZIE KING: That is the meaning?

Mr. GUTHRIE: There are some other pension clauses in the bill to which perhaps it has reference. There is provision respecting the counting of service in South Africa by officers and constables for the purposes of pension. That may be what it has reference to.

Mr. VENIOT: I would direct to the attention of the minister the agreement entered into between the provinces and the federal government with respect to the administration of provincial laws by the Royal Canadian Mounted Police. In a case where the provincial government decides to hand over the administration of the Game Act to the Royal Canadian Mounted Police instead of to the game wardens, the expenses incurred in serving summonses and in connection with travelling will go into the federal fund that is to be established. Under the agreement with the provinces I understand that such amounts go into the provincial and not into the federal fund. If that is the case, this act contravenes the agreement.

Mr. GUTHRIE: I do not think it contravenes the agreement in any respect; I cannot see how it does. If the moneys are not payable to the police then the police will not get

the gratuities or rewards or whatever they may be; if they are payable, they will get them and the moneys will go into the trust fund. But there are certain classes of cases where I know that the fines do go to the provinces, and over that we have no control.

Mr. VENIOT: I am not talking about fines, but about the expense involved in the service of summonses and in travelling expenses to serve the documents. Under this agreement, instead of going to the official himself it will go into the fund. But under the agreement with the provinces I contend that the money should go to the provinces and not into this fund.

Mr. GUTHRIE: I should not care to decide the matter inasmuch as I have not the agreement before me, but I understand that this has been drawn with strict regard to the agreements.

Mr. MacLEAN: What is the number of men on the force in each of the six provinces?

Mr. GUTHRIE: I am sorry I have the figures only for New Brunswick. The question was asked the other day. However, the agreement fixes it in each case and I can get the information for the hon. member when the bill comes down.

Mr. YOUNG: The minister spoke about the difficulty of getting moneys out of the consolidated revenue fund for purposes of the police force. What are these difficulties, and how do other departments obtain revenue for their purposes?

Mr. GUTHRIE: This revenue comes in at certain fixed periods but the expense goes on all the time, and it is very convenient when you need money for upkeep to have it there. Under existing circumstances, it seems that we are not entitled to get it out, just as the other day we had to come for a supplementary amount of $350,000 which had been paid into the consolidated revenue fund. It is all subject to order of the governor in council and cannot be got out otherwise. The expenditure is all accounted for and appears in the Auditor General's report just the same as any other account. It is purely a matter of convenience in financing.

Mr. JACOBS: Is there any arrangement whereby the members of the Royal Canadian Mounted Police receive part of their salary in the way of informers' fees?

Mr. GUTHRIE: No; if they get anything in that respect it goes into the benefit fund. No man is allowed to accept money for his own use. There are, however, certain cases, such as custom's seizures and liquor infractions, where there are payments in the way of rewards, and all such money received by any member of the force must go into the fund.

Mr. JACOBS: Is the member of the force credited in some cases with part of the informer's fees?

Mr. GUTHRIE: He cannot keep it for himself but must transfer it to the fund.

Mr. JACOBS: Then he gets no fees?

Mr. GUTHRIE: No fees himself.

Mr. SPENCER: The minister gave us the amount of money being paid in the different provinces. He mentioned $225,000 in the case of Alberta and $175,000 in Saskatchewan. What are the reasons for the $50,000 extra for Alberta?

Mr. GUTHRIE: In Saskatchewan there is an additional payment of $64,000 for the cost of escort and maintenance of prisoners. The amount paid is $175,000, and for the cost of escort and maintenance of prisoners, $64,181.

Sir EUGENE FISET: Will the minister explain the purpose of the last part of the resolution which makes provision respecting the counting of service in South Africa by officers and constables for the purposes of pension? I should think this would come more properly as an amendment to the Pension Act rather than as part of the provisions of the Royal Canadian Mounted Police Act. The first clause of the resolution provides for the transfer of money from the consolidated revenue fund and the second part deals with fees. The last part seems to me an extraordinary provision to incorporate in a bill of this kind.

Mr. GUTHRIE: The clause is quite simple. A certain number of the Royal Canadian Mounted Police did serve in South Africa and the provision now is that if a man served there a year or two, that time should be counted as service in the police force for purposes of pension.

Sir EUGENE FISET: I quite understand that, but I do not see why that is not introduced as an amendment to the Pension Act instead of being embodied in this resolution. When this matter came up in connection with the Militia Act and it was intended that service in South Africa should be counted in computing pensions, this was provided for by an amendment to the Militia Pension Act. I believe the same thing was done as far as the police were concerned. It would be rather awkward to find different provisions in different acts.

Mr. GUTHRIE: It is not under the Militia Act or the Militia Pension Act, it is under the Royal Canadian Mounted Police Act. The provision is that a police officer or police constable who served in South Africa may count such service when applying for pension under the Royal Canadian Mounted Police Act.

Sir EUGENE FISET: Would it not be better to have it as an amendment to the Royal Canadian Mounted Police Act?

Mr. GUTHRIE: That is what it is.

Mr. MACKENZIE KING: What is the total amount paid by the provinces as their contributions?

Mr. GUTHRIE: I gave the figures by provinces, but I have not the total figure.

Mr. MACKENZIE KING: Could I have an approximate figure?

Mr. GUTHRIE: About $790,000.

Mr. MACKENZIE KING: According to the Minister of Finance as set forth in his budget speech of some days ago, the cost of the mounted police force is going up very rapidly. The yearly costs as given by the minister have been as follows:

1928-29	$2,800,000
1929-30	3,100,000
1930-31	3,192,000
1931-32	3,444,000
1932-33 (estimated)	6,245,000

The last figure is almost double the figure of any previous year. Assuming that the provinces contribute about one million dollars, that contribution would not, if I understand the proposal aright, appear in the estimates presented to the house; all the house would be asked to vote would be an appropriation of $5,000,000.

Mr. GUTHRIE: We would ask for the full amount which would have to be spent. There is no doubt that the cost of the force has been increasing but the greatest source of increase has been the fact that we have taken over the preventive service of the customs department. Previously the cost of this service was included in the vote for the customs department. We are doing all that work as well as other work under the Migratory Birds Convention Act. The total strength is ninety-eight officers and 2,402 of other ranks, making a total of exactly 2,500. In former years the total strength was between 1,400 and 1,500. The per capita charge this year for all estimates is $2,250 per man. A marine service is carried on in connection with the preventive work, in which are engaged 192 special constables who were taken over from the customs department. Vessels are maintained in this service which were not maintained previously. There are a total of 101 vessels, both sea going and for inland waters. The number of motor cars has been increased to 359, the number of motorcycles to 27, the number of trucks to 13, the number of dogs to 445 while the number of horses is only 256. There are 13 officers and 337 of other ranks engaged in preventive work which with the 192 special constables taken over in the marine section, make a total of 542 men engaged in this service. The total cost of this particular branch of the service is $1,504,104 which should be taken off the total which my right hon. friend quoted.

Sir EUGENE FISET: I understood the minister to say that the estimates provide for the full maintenance of the force including pay and allowances, and everything else. If that is so, what is the use of asking parliament to enact legislation whereby the money paid by the provinces into consolidated revenue shall be made available for the estimates for the police. The minister is asking parliament to authorize him to take out of consolidated revenue whatever sums of money may be paid in by the provinces over and above the ordinary departmental estimates.

Mr. GUTHRIE: But not in addition; it will be part of the money as voted by parliament.

Sir EUGENE FISET: I asked if the full expenses of the force including pay and allowances, maintenance and everything else were provided for by parliament.

Mr. GUTHRIE: We are not getting it both ways. It will form part of the money voted by parliament. It is purely a matter of convenience in book-keeping and is not intended to increase the amount in any way.

Mr. MARCIL: Are the mounted police in Quebec engaged solely in the enforcement of federal laws or is there some arrangement with the provincial government?

Mr. GUTHRIE: Solely in the enforcement of federal laws unless their services are requested by the provincial government or any municipal authority.

Mr. MACKENZIE KING: When voting money for the Canadian National Railways, parliament votes only what is required in addition to what the railways have derived from their own revenues. Is it intended that this shall be a similar course of action, namely. that parliament will be asked to vote a cer-

tain amount for the mounted police but that anything which may come in from the provinces will be available in addition?

Mr. GUTHRIE: Not in addition; the whole amount required will be submitted to parliament in the estimates.

Mr. MALCOLM: Does the minister propose that he will not draw upon the whole amount voted by parliament if the payments by the provinces make it unnecessary for him to do so?

Mr. GUTHRIE: I propose that the amount submitted in the estimates will be the total of everything that will be spent.

Mr. MALCOLM: But that amount would not be used if there were sufficient payments by the provinces?

Mr. GUTHRIE: I will not use it if I can get it out of consolidated revenue or from any other source. No expenditure will be made which has not been authorized by parliament. It has been represented to me, both by officers in my department and in the Department of Finance, that this is the best way to arrange matters.

Sir EUGENE FISET: When the minister prepares his estimates for the mounted police he must take into consideration the amount of money paid into consolidated revenue by the provinces. He would not be providing for the total amount to be expended for the mounted police. If he should provide for the total amount necessary for the administration of the mounted police he will also be entitled to draw by order in council out of consolidated revenue whatever sums mays have been paid in by the provinces. I assume that if the minister when preparing his estimates takes into consideration the money paid by the provinces, he obtains this from consolidated revenue and then deducts it from the total amount to be provided for in the estimates. He has double authority.

Mr. CASGRAIN: That is not right.

Mr. GUTHRIE: But it does not increase the amount.

Sir EUGENE FISET: If you provide in the estimates for the full amount necessary for the administration of the mounted police, you have that money available for expenditure during the fiscal year, and then, by this act, you have over and above that the authority to draw from consolidated revenue the amount paid to any province.

Mr. GUTHRIE: That may be correct. It was not my view, but I shall have to make inquiries and find out if it is so.

Mr. MALCOLM: I would submit that the circumstances are somewhat comparable to those concerning the vote for the Board of Grain Commissioners. The house votes the total requirements for the board, and then the board collects in the form of fees practically all the money voted, and at the end of the year, if they have a surplus, it is returned to the Receiver General. If the minister has available the total requirements for the force, if he has available $6,000,000 and also $2,000,000 paid by the provinces, he would have to return to the Receiver General at the end of the year the amount he received from the provinces. I can see no other conclusion if the legislation is as represented by the minister.

Mr. GUTHRIE: It may be that I was in error in the way I put it; in fact, my hon. friend from Argenteuil says he thinks I was too. The amount of $5,615,000 in the estimates does not include the amount that we are to receive from the provinces.

Mr. MALCOLM: That is different.

Mr. GUTHRIE: But in order to make certain I shall make inquiry.

Mr. MACKENZIE KING: If the intention is not to bring before parliament the total appropriation necessary for the mounted police, I think it would be a mistake to have the resolution carry, but if the minister's view as stated at the outset is correct, then in this particular the matter is merely a matter of bookkeeping or convenience in some direction and exception need not necessarily be taken. But it is important, so far as the mounted police force is concerned, that parliament should have disclosed to it very clearly and fully in discussing matters pertaining to the force and especially proposed appropriations, the full amount that is necessary to be expended. Perhaps we can get these details after the bill is introduced?

Mr. GUTHRIE: Yes, I can give any details on section 1 of the bill when it is under consideration.

Mr. YOUNG: Why is a South African veteran on the mounted police force entitled to a pension for his South African service, while a South African veteran who has not secured a position on the force is not entitled to such a pension? I do not see the justice in it.

Mr. GUTHRIE: One man is continued in the service and the other is not; that is the only difference.

Mr. McINTOSH: The latter part of the resolution is not very clear to me. It says:

—and to make further provision respecting the counting of service in South Africa by officers and constables for the purposes of pension.

May I ask the minister if this provision which is to be applicable in future with respect to calculating the pension of officers and constables who served in the South African war was ever applicable before, or is this something entirely new in the way of pension legislation for South African veterans who now are serving or have served on the mounted police force?

Mr. GUTHRIE: It is new so far as the Royal Canadian Mounted Police are concerned, but the same provision was adopted in regard to the pensions of the permanent force in Canada some years ago, by chapter 133 of the revised statutes.

Mr. McINTOSH: Take the case of a Royal Canadian Mounted policeman who has spent his life in the service, and has been retired on a small pension. Will this clause apply to him so that his pension will be increased?

Mr. GUTHRIE: No, we have not decided to do that yet. There is an application before us from the veterans of the mounted police force in which they make some four requests. These are all being considered, but up to the present time it has not been decided to include them. They have many requests to make in respect of pensions. We have changed the rate of pension once or twice in the last ten years, and each time it has been changed they say that they have an equitable claim for increased pensions though they are retired from the force, but up to the present time it has not been found possible to meet their demands in that respect. However, as recently as last week a committee was sitting to consider that question. These men are out of the force and they have received their pension according to the scale to which they were entitled at the time they retired. Now they claim that they should have the benefit of all subsequent amending legislation, but up to the present time that view has not prevailed.

Mr. McINTOSH: Are there not many cases where service in South Africa has not been included at all in calculating the pension of those who have retired from the mounted police force?

Mr. GUTHRIE: No, there would be very few such cases.

Mr. McINTOSH: I have in mind one or two examples in my own riding where this question has been a live one for many years, and one of my purposes in taking part in this debate is to impress upon the minister the importance of considering these cases. The question has been brought up many times, but no action has been taken by the government.

Mr. GUTHRIE: In their most recent memorial I do not see any reference to South African service. They do refer to service in the civil service which they say should be counted in calculating pension, and they refer to a number of other matters. There may be a few such cases as the hon. member mentions, but I think the number would be very small.

Mr. McINTOSH: Will the minister give consideration to those few cases?

Mr. GUTHRIE: The matter is being considered now by a special committee.

Mr. MALCOLM: What relation is there between the benefit fund and the pension fund?

Mr. GUTHRIE: The benefit fund is a trust fund purely for the relief of those who need relief, and it is so distributed. At Christmas time payments are made from it to the various detachments. Widows are sometimes granted an allowance, and children likewise. The fund is managed by the mounted police force itself, but payments are subject to the approval of the minister before being made.

Mr. MALCOLM: The money is not used to supplement the pension fund?

Mr. GUTHRIE: No.

Mr. SPENCER: The minister said that there would have to be some $64,000 added with respect to the expenditure in Saskatchewan. Does the $225,000 paid by Alberta cover all the charges there?

Mr. GUTHRIE. Yes.

Resolution reported, read the second time and concurred in. Mr. Guthrie thereupon moved for leave to introduce Bill No. 58 to amend the Royal Canadian Mounted Police Act.

Motion agreed to and bill read the first time.

PENITENTIARY ACT AMENDMENT

PROPOSED APPOINTMENT OF OFFICIALS BY GOVERNOR IN COUNCIL

Hon. HUGH GUTHRIE (Minister of Justice) moved that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Penitentiary Act to provide that the governor in council may appoint a superintendent of penitentiaries; and may appoint such inspectors, wardens, deputy wardens and other administrative or executive officers as may be required, with such salaries as are approved by the governor in council; and that the superintendent, upon the recommendation of the warden, may appoint such guards, trade instructors and other subordinate officers and employees as are necessary, with such salaries as are approved by the governor in council; and to make further provisions in respect to gratuities paid to officers on retirement and the widows or dependents of officers who die in the service.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, this resolution involves the introduction of a bill which means a departure from the merit system and a return to the discredited patronage system with respect to appointments in connection with the penitentiaries of our country. In a word, it will make political machines out of the penitentiaries, and I want therefore to take very strong exception, at the very outset, to the passage of this resolution.

To begin with it will have an unsettling effect upon the whole civil service of Canada. If this important branch of the civil service is to be withdrawn from the operation of the Civil Service Act, and the control of the Civil Service Commission, it will be but the thin edge of the wedge, the introduction, in other words, of a policy on the part of the administration to withdraw other services from the control of the Civil Service Act. Hon. gentlemen opposite were in office, I believe, at the time provisions of the Civil Service Act were extended to cover some of the outside services, and they will recollect the difficulty there was in getting the measure through the house and the necessity of backing up their efforts by strong public opinion throughout Canada. However, when the act was extended, it was proclaimed as being a distinct reform and very much in the public interest. Although there are certain distinct limitations with respect to the manner in which the Civil Service Commission has operated, nevertheless if we weigh the advantages against the disadvantages, particularly in regard to the great majority of appointments, the argument would be wholly in favour of retaining the merit system and promotion under it, rather than returning to the old system of patronage.

I am informed that if this measure carries it will affect about a thousand individuals in the public service in Canada connected with the penitentiaries. I imagine the number is larger than that, but at least a thousand will be affected. The expenditure in salaries for these individuals runs considerably over a million dollars, according to figures already given to the house. It would be a grave misfortune if we were to permit this retrograde step, especially in the form suggested in the resolution. In the first place, not only does the Civil Service Commission lose control, but to a very considerable extent the government loses control over appointments. As I read the resolution, the superintendent of penitentiaries, upon recommendation of the wardens, makes appointments of guards and other officers, without the government having anything to do with it. There is nothing to prevent a warden bringing all his poor relations to the penitentiary and making them guards under his control. No one knows better than the Minister of Justice that when it comes to matters of patronage it is not so much the minister as the patronage committee in the locality which determines the persons who are to be appointed.

Then there is a very special and strong reason why this departure from the control of the Civil Service Commission should not take place with regard to penitentiaries. The reason is that the penitentiaries themselves are institutions existing for the purpose of reform, and the introduction of a patronage system in regard to appointments generally would be certain to have a very serious effect upon discipline and reforms in the penitentiaries.

With respect to one or two of the senior appointments, for example the appointment of a superintendent or wardens, I believe there may be some good reason why the government itself should take the responsibility for such appointments. I do not believe the Civil Service Commission, operating the way in which our commission has operated in the past with respect to the appointment of some wardens, are doing the work as efficiently as it would be done by the minister himself. I said that before, some time ago, and what has happened since bears out the truth of my statement. That a group of gentlemen, none of whom has any special training or the expert knowledge required in determining the qualifications of a warden of a penitentiary, should undertake such appointments, is a course of procedure certainly open to question. All things considered I be-

lieve that concerning important technical positions requiring certain special personal and other qualifications, the minister himself is perhaps better able than the commission to make appointments. But when it comes to the appointment of clerks and guards and other administrative and executive officers as well as those filling minor positions in a penitentiary, I cannot see how the warden is any better qualified than the Civil Service Commission. I should think he might well and should advise the commission with regard to the qualifications of the men under his authority but to leave the making of appointments in his hands is, I believe, a mistake.

I just wish to stress at the outset what has been recognized by the press of all political parties since the resolution appeared on the order paper to be a distinct step backwards and a great misfortune. I was hoping the minister was going to allow the resolution to remain on the order paper until the close of the session, since it had been there already for so long a time. I thought he was paying attention to what seems to be the universal voice of the press with respect to this particular measure. Before we proceed much farther I hope he will be able to give us some reason why he has introduced it at all, let alone why he wishes it to go to the length to which it would appear to go.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, I think I can assure the house that this measure has been brought forward only after very serious consideration not only on the part of myself and officers in my department, but on the part of my colleagues and the senior officers of the penitentiary staff. I am not opposed to the merit system which is recognized under the Civil Service Act of Canada. I supported that measure when it was brought into the house, and I am still prepared to support it. But in my view, and with my perhaps limited experience in penitentiary management I have come to the conclusion that the penitentiary staff is not a civil service staff at all. It is no more a civil service staff than is the Royal Canadian Mounted Police or the militia force of Canada. Ninety per cent of the penitentiary staff should be considered as a semi-military or semi-police staff, and not a civil service staff at all.

In his remarks my right hon. friend has intimated that he would not be greatly opposed to, or perhaps would approve of, the appointment of the higher officials on the penitentiary staff, notably the superintendent and wardens, by the minister or by His Excellency the Governor General in council. I am glad he made that statement. But from information I have been able to gather, and experience I have had, and advice that has been given to me, it is far more important in regard to the administration of penitentiaries that the guards and minor officials, who have actual contact all the time with the prisoners, should be selected by some authority other than the Civil Service Commission under which they are now appointed. These men, guards in particular, not only have the actual contact with the prisoners, but they are there for the protection of life, not only their own lives and the lives of the staff but the lives of the prisoners as well, and far greater care should be taken in the selection of guards in our penitentiaries than has been exercised under the system that has been in vogue for the past ten or fifteen years. I have been informed that in Great Britain guards are specially selected by a prison commission, not the Civil Service Commission, a prison commission, operating under the Department of Home Affairs I believe. In England they are for the most part military men or men of military experience. Great care is taken in their selection, and they are given a course of training of about six months before they are trusted in penitentiaries with the full status of guards.

In this country under the Civil Service Commission the system which has been adopted in regard to the appointment of guards is entirely different. Application is made to the warden of the penitentiary by any man who desires to become a guard. If the warden is in need of new guards or is likely to be, he can send application forms to the man and notify him to appear before him at the penitentiary, and if the man is able to measure up to the physical requirements as to health, physique and the like, and has a reasonable amount of education, his name is then submitted to the Civil Service Commission in Ottawa. I presume they go over the particulars in the application as they receive it. They never see the applicant, they are never in contact with the applicant at all, but if on the written application he appears to be all right they simply place his name upon an eligible list, saying John Brown stands 92, John Smith 88, someone else 85 and so on according to merit as the Civil Service Commission view it, having never seen the man. That list is returned to the warden, and as vacancies arise on the staff of guards he picks the names according to the rating on the eligible list by the Civil Service Commission.

Now the warden does not feel very much concerned in the original selection. He is not

the one who makes the appointment, and he knows it. He simply submits names to the Civil Service Commission. They, without much information other than the written statements on their blanks, make the eligible list and submit it to the warden with instructions to take men as the names appear on that list. I do not exactly understand how these eligible lists are prepared, or how long they are supposed to be in force, but I am told that as many as fifteen or twenty eligible lists have been in force in some of the penitentiaries. The result is that while you may pick two or three from the top of the first list you have to go on down to the inferiors before you can start on the second.

Mr. BOTHWELL: Is it not a fact that the eligible list only stands for one year?

Mr. GUTHRIE: I thought that, but I found it is not so. At least it does not obtain in all the penitentiaries.

Mr. BOTHWELL: There is a statement on the forms to that effect.

Mr. BOUCHARD: Unless it is renewed.

Mr. GUTHRIE: There seems to be some power of renewal, because I know of more than that in existence to-day. However, what I complain of is that there is no proper scrutiny or examination of guards who are appointed and have been appointed to positions in our penitentiaries for many years back. I am inclined to think that a guard should be more than an ordinary caretaker or anything in that line. In the first place he must have the necessary physique, must be a strong, robust man. He must be a man of some education. We have some guards whose education is so slight that I believe all they can do is sign their own name. He must be a man of intelligence and discretion. He must be a man of courage, that is very essential, because he has to deal with many very daring, reckless prisoners. There is a large proportion of very daring prisoners in our institutions at this time. Above all a guard should be a man possessed of an average amount of human sympathy. I do not mean maudlin sentimentality, but human sympathy and discretion. Another thing that I think a man should have to be a good guard is some idea of military training or military discipline. The experience in England has been that the best penitentiary guards are intelligent men who have had military experience. I do not say they are all good, even at that, because they are not.

It has been represented to me in very definite form by the superintendent that the present system of appointment is not satisfactory, and he does not think it can be made satisfactory. He is very insistent that some new method be adopted. In order to avoid the charge that I was returning to political patronage by suggesting such a thing, I framed this resolution in a way that would give the responsibility for appointment to the two men most concerned, that is the warden, who has to look out for the safety of the institution, and above him the superintendent who has to supervise and inspect that institution. Let me give what I think is a parallel case, I refer to the Royal Canadian Mounted Police. Nominally I am at the head of the administration of that force. Only nominally, for the purpose of bringing measures to parliament, arranging the finances and the like. I never interfere in any way with appointments to the force, with promotions in the force, with the interior working of the force. I have never interfered in any way in the two and a half or three years that I have been in charge of it. I believe that is an ideal system. The officers at the head of that force absolutely control it in every respect so far as appointments, promotions and the like are concerned. And I would like the same system to prevail in regard to the guards and minor officials in the penitentiaries. I think that all instructors, keepers and attendants, as well as guards, should be appointed directly on the recommendation of the warden, approved by the superintendent. The warden then is responsible for his selections. He knows that his own safety, his own life, may some day depend on the courage and discretion of that man whom he is selecting. Within at the most two months that man will also be inspected by the superintendent. But he does not have to wait two months, under the scheme which the superintendent has laid before me. He says, "If the warden certifies that he has examined the man and he is satisfied, then I will let him remain there temporarily until I have a chance of interviewing him myself, which would be on my first visit to the institution in question." Between the two I believe they would select satisfactory men. I think, of course, the inclination would be to carry out the Civil Service Act in regard to returned men, because I know that the superintendent has the view, and I would have the view myself, that returned men who are now entitled to preference, will probably in most cases make the most satisfactory guards and attendants in our penitentiaries.

Having asked in this resolution and in the bill which will be presented to this house that the immediate staffs in the peniteniaries be appointed by the warden or superintendent without let, hindrance or approval from myself or anyone else, I think we will establish a far better system, will obtain far more efficient and trustworthy guards and will meet any criticism that might be offered with regard to political partisanship, and we will adopt in every essential the merit system. We will only take men who are capable of fulfilling all the requirements I have mentioned, and their promotion will depend upon their own efforts.

In regard to the higher appointments, the inspectors and the superintendent, I agree with my right hon. friend; I believe that I or my successor would be just as well qualified to appoint a superintendent, after having looked over the field, as would the Civil Service Commission. I do not feel so much concerned about those appointments as I do about the guards and minor members of the staff, but I agree with my right hon. friend that the minister in charge can make just as good a selection of the higher officials as can the Civil Service Commission. One great difficulty which I think every department experiences in regard to civil service appointments is the delay, the correspondence, and what some people describe as the red tape. It takes months to get a position filled. The advertisement must be current for four or five weeks; then a committee is appointed to examine the applicants. They meet and adjourn, meet and adjourn, meet and adjourn; it becomes intolerable. It is true that in the Penitentiary Act there is a provision for emergency appointments for thirty days when an emergency arises, and acting under that provision last fall the superintendent appointed a temporary warden at Kingston penitentiary. That position since has been made permanent by the Civil Service Commission. Then it became important to appoint two inspectors to take the places of inspectors who had been retired for the improvement of the service; perhaps one appointment has been made, but up to the present time the other certainly has not been filled. The advertisements have been current; the examinations have been held; the committee of examiners has been appointed. They have met and adjourned, met and adjourned, and this morning I was told they had made selections.

This is all very inconvenient in connection with penitentiaries and in dealing with the class of people confined therein. I believe my right hon. friend was quite correct when he stated that in his opinion the higher positions might be filled on the recommendation of the minister, or by his excellency the governor general in council. However, I do feel that the pronouncements of the wardens and of the superintendent are so definite in regard to the question of guards that hereafter the guards should be appointed in the manner set forth in this resolution. I do not ask for any power in this matter for myself or my department, but I do ask that the power be conferred upon the superintendent and the wardens of the various institutions, and that is practically all that is contained in this resolution.

Mr. E. R. E. CHEVRIER (Ottawa): I will reserve any extended remarks until the bill is introduced, so that we may know exactly what is before us, but let me say at the outset that I am absolutely and irrevocably opposed to any resolution or any bill that may be based thereon.

Mr. GUTHRIE: Just on a point of order, Mr. Speaker; I thought I closed the debate, though perhaps I did not.

Mr. SPEAKER: The minister did not speak on the introduction of the resolution.

Mr. CHEVRIER: I thank the hon. minister for his courtesy in not pressing his point as I said, Mr. Speaker, I am absolutely opposed to any departure from the merit system. The minister of Justice (Mr. Guthrie) may not feel that this is such a departure, but I feel very strongly that it is. The minister says this resolution is introduced after having been given very serious consideration by the officials of the penitentiaries branch and of the Department of Justice. That may be so, but the minister proceeded to say that the penitentiaries staff is not a civil service staff but is of a quasi-military nature. Well, what about the militia department and the naval department? We might go into some other lines of activity in the various departments that are of a similar character. For instance, if the wardens protect life and the property of the government what about the life guards, who also protect life on our coasts? For such a difficult position as a life guard or a lightkeeper the Civil Service Commission still has jurisdiction, and I think quite properly so.

I have stated in this house time and again, that the blame for the administration of the law is not to be placed on the commissioners; the blame must be placed upon the members of this house for having framed a civil service law that is far from adapted to the ends it was designed to serve, and the absolute reluctance of this and former houses to amend that law in accordance with prevailing conditions.

Every time some of us have stood up and advocated amendments to the civil service law in order to make it more pliable, better to meet the exigencies of the situation we have been accused of wanting to return to patronage. As the minister has said, there have been delays, but after all those who are charged with the administration of a law can only discharge their duties according to the terms of that law. If we give to the civil service commissioners, whoever they may be, a proper law, then if they do not administer it to our satisfaction we can blame them.

It may be quite true that the selection of wardens and guards is carried on to-day in a very cumbersome manner, but let me point out some of the difficulties under which the commission must labour. I have before me this joke book, the classification of 1919, under which most of the appointments complained of by the minister were made. Let us see what are the qualifications set out for the superintendent of penitentiaries, and let me remind the house that the Civil Service Commission cannot appoint anyone to that position unless he possesses the qualifications here contained, which are as follows:

Superintendent of penitentiaries; qualifications: Education equivalent to graduation from a university of recognized standing; several years of administrative experience in reformatory work—

You would think the superintendent of a penitentiary would have to have been a convict at one time.

—thorough familiarity with criminology and the administration of penal institutions; executive ability.

Where will the minister or the Civil Service Commission find a suitable man while they are bound by these qualifications? I think it was silly to include qualifications of this kind, but the minister and this parliament only have to change these qualifications and say what they think should be the type of man appointed to this position. Then the Civil Service Commission can find such a man. What are the qualifications of wardens? The Civil Service Commission cannot appoint anyone unless he has the qualifications set out here, and he would probably be worthless as a warden if appointed under these conditions. But do not blame the commission for trying to find men who have these qualifications. Let me quote the qualifications:

Education equivalent to high school graduation and preferably university training.

University training! If the best qualified man happened to appear before the board as constituted by the Civil Service Commission under the regulations and he did not have university training or high school education, though he might be the best warden in the world, they would not appoint him. In addition to that, it is provided that he shall have:

Five years of prison experience—

Fortunately they add these words:

—in a supervisory capacity or experience of similar character and standard; familiarity with criminology and prison problems; administrative ability.

You cannot blame the Civil Service Commission for appointing men who may not be fitted for their position if you insist upon their demanding these qualifications, and tell them that this is the yardstick by which applicants must be measured, the rule by which they shall be appointed. I think it is unfair to say that the commission is unable to make proper appointments so long as we do not provide them with the means whereby to make the best selections. Such criticism cannot be justified. I shall not read the whole of the qualifications for the various kinds of guards, but they are all set out, beginning at page 394 of this joke book for which the Civil Service Commission itself is not at all responsible, because the responsiblity lies with the Griffenhagens and their satellites. This book was forced upon the civil service in 1919 by hon. gentlemen opposite. The act was passed in 1918 to abolish patronage and in 1919, after the Griffenhagens had compiled this joke book, these classifications came into force—classifications absolutely unnatural and not adapted to the civil service.

Mr. CASGRAIN: Who were the Griffenhagens?

Mr. CHEVRIER: Ask the civil servants who they were. They were American experts, so-called, who at that time ruined the civil service. May I say in passing, that if there are so many difficulties to-day in connection with the civil service in the way of classification it is because the whole system of classifying the service was placed at the outset on a most unnatural basis by men who should never have been called in. The whole trouble to-day with the classification of the civil service lies in the fact that it was placed on that false basis, and government after government has been endeavouring to offset the harm done. The whole thing having been placed on an utterly improper basis, however, it is fearfully difficult to remedy the situation.

What do we find so far as guards are concerned? Let us take the industrial guard-baker. These are his qualifications:

Primary school education; at least two years of experience as a baker and ability to instruct others in bakery work;

Two years of experience as a baker—that is probably the best qualification set out in the whole book. The other qualifications are these:

ability to understand and manage prisoners; strength and agility; honesty and sobriety.

You have the same sort of qualifications all through in the case of each of these positions: Industrial guard-blacksmith; industrial guard-brickmaker; industrial guard-carpenter; industrial guard-cook; industrial guard-farmer; industrial guard-housekeeper (female); industrial guard (mail bag repairs); industrial guard-mason; industrial guard-miner; industrial guard-plumber, and so on.

Is it to be wondered that there may have been appointed, as no doubt there were, men who have not given satisfaction in the discharge of their duties? But again I say, you must not blame the Civil Service Commission. An hon. gentleman says that it might be well for the superintendent and warden to be appointed by the minister himself. There is a good deal in that, and I have very often given matters of this kind serious consideration. But if it applies to a high officer, the superintendent of penitentiaries, and to wardens, why not apply it also to all other departments in the case of technical men? That question is as old as the Civil Service Act itself—the suggestion that the minister or deputy minister should have discretion in the appointment of technical men. With that I have not very much quarrel; indeed, I have a good deal of sympathy with that proposition. At the same time however I do think that the best method is to give the Civil Service Commission the power of selecting these men and to give them working capacity. If the commission were granted these powers they could fill such positions just as well as the minister himself.

There is another feature of this resolution which I do not like:

. . . may appoint such guards, trade instructors and other subordinate officers and employees as are necessary, with such salaries as are approved by the governor in council.

That is not a fair proposition, that the governor in council should determine the rates of pay, because they might discriminate here and there, whereas under the Civil Service Act the rates are uniform and everyone knows exactly how much he is going to get, so that there is no favouritism. But here is another objectionable proposal:

And to make further provisions in respect to gratuities paid to officers on retirement and the widows or dependents of officers who die in the service.

After long years of toil we have been able to insert in the statute books of this country an excellent superannuation law for the civil service, a law which is not yet perfect but which has been of great benefit to civil servants. With a few more modifications it will be probably one of the best superannuation laws in the world. Why not bring these officers under that superannuation law? Let them be civil servants within the terms of the Civil Service Act and let the civil service law apply to them.

When the bill comes up for second reading and when it is in committee of the whole, I shall have a few more observations to make on the subject.

Mr. E. J. GARLAND (Bow River): I rise to oppose the passing of the resolution. I suggest that though the Minister of Justice made an excellent and plausible speech on introducing it, he has not yet shown the house full justification for this measure rather than for an intelligent and rational amendment of the Civil Service Act and the appointment of a strong and effective commission. The minister closed his speech on a note of petulance with regard to the alleged delays of the commission in making appointments. They met, he said, and adjourned, and met and adjourned, and the country waited. I submit to him that this government is emulating only too well this dilatory characteristic of the Civil Service Commission. It would, I think, have been proper for the administration to appoint a new commission long before this late date. If the commission itself be at fault from the point of view of delays, this government is certainly setting it no good example.

I regret the introduction of this resolution because it is just one more of the many steps that I have seen governments of both parties take since I have come to parliament. Sometimes it is in the form of estimates and at other times it is in the form of legislation. Now it is a direct amendment of the Civil Service Act, still further emasculating the act, vitiating it, and destroying its influence in the country. It is not good enough for the minister to tell the house that he is in favour of the merit principle. That does not justify the resolution which is the opposite to the merit principle in so far as the civil service is concerned. There is no question in my mind that the passing of this resolution will lead to an amendment which will result in the restoration of the old type of patronage in penitentiaries. Nay, it will go even further than that; as has been pointed out already this afternoon, it will place the power of appointment in the hands of the warden or the superintendent. Step by step we see the Civil

Service Act being destroyed. I wonder how many more governments there will have to be before it finally passes upon its sad way.

Mr. McGIBBON: It should have passed long ago.

Mr. GARLAND (Bow River): Both parties are to blame, for in both parties, as in the case of the hon. gentleman who has just interjected, there are those who have never believed in the Civil Service Act or in the merit principle as applied to political appointments. There has always been the frank philosophy that to the victor belongs the spoils.

In 1919 this country definitely changed that principle when it placed upon the statute books what I regard as perhaps one of the greatest contributing and constructive efforts ever made by any Conservative government, but this year, as well as last year, the present government is attempting to destroy the effectiveness of the Civil Service Act. It may be true that the act itself has not been wholly successful, but that is due largely to the fact that the administration of the act has not received at the hands of succeeding governments the full understanding and support of the principles upon which the act is supposed to be based. The minister who introduced this resolution has given to the house a general statement of the objections which have been raised to the methods of appointment. This is the first time I knew that the character of the men nominated under the present method has not been up to the mark. Warden Ponsford of Kingston penitentiary has remarked that the substitution of the merit for the patronage system in penitentiary appointments has been the great single step yet taken to effect improvements in the present system in Canada. If improvements are necessary, they should be made but they should not be made by destroying the machinery which a previous parliament has set up and which requires only the necessary enlargement or modification to make it work adequately. The fault in the administration of the act lies not in the principle underlying the act but in the way in which that principle has been modified, qualified, submerged and crushed out of existence by the politicians of both parties. I do not place the blame in this regard upon any one party. I have mentioned Warden Ponsford but I wonder if the minister has studied the evidence given by General Hughes before a civil service committee of this house. In reply to a query by a then cabinet minister as to whether he would prefer to select men for prison guard work or have the selection made by the Civil Service Commission, General Hughes said, "I would prefer they would do it, very much". The evidence continues:

Q. Why?

A. Under the system in which they appoint them it gives our warden practically full control over them, because it gives our warden an opportunity to see whether they are satisfactory to him or not, and if they are not he has only to let them go. Under the old system if we were saddled with a bad man, we would have to keep him.

General Hughes stated that if they were saddled with a bad man, they had to keep him because otherwise they would offend the committees of political patronagemongers who were involved in the appointment. The evidence continues?

Q. Under the system none of the officials of the government has power to dismiss him?

A. I would not say that.

Q. What would you say?

A. You could not dismiss a man unless you had something on him.

And again:

Q. Is it the policy and the purpose that men shall join the penitentiary service at the bottom and that thereafter as far as possible all higher positions shall be filled from the men in the penitentiary service?

A. That is the only sensible policy.

Q. Do you support it?

A. Yes, and we are able to pretty well work that out in so far as our discipline of the staff is concerned under the Civil Service Commission, but we never were before. May I tell you something? Some years ago we had a deputy wardenship vacant in one penitentiary.

Q. Where?

A. Please don't ask me where. And the Minister of Justice who was then in charge, is now dead. He sent for me to ask me something or another about the duties of the position. I was taken here to his red room in the Senate where I had an hour or so private conversation with him, and he said to me: "They ask me for a commission to make some vacancies in order to give them an opportunity to let some of their political followers get a job. They got a commission and they made eleven (if I think correctly) vacancies, and the first thing the executive, the political executive of the town in which the penitentiary was situated, did was to recommend me a greengrocer for the position of deputy warden."

Q. A grocer in the business of selling vegetables?

A. I am repeating exactly as he made the statement to me.

That is the kind of thing which happened under the old patronage system but no complaint of a similar character has been lodged since the enactment of the Civil Service Act. At the present time I think there are six penitentiaries in Canada with about 965 employed. At the time General Hughes was giving evidence there were seven penitentiaries with 416 employees. Those employees

took care of 2,340 inmates while the present 965 employees take care of 4,164 inmates. The type of guard employed should be of the highest possible quality and this resolution proposes that the superintendent upon the recommendation of the warden shall have the appointment of guards and those to fill other minor positions. At the present time the warden recommends the appointment of a guard in which the Civil Service Commission concurs. We are simply supplanting the Civil Service Commission with a politically appointed superintendent.

Mr. GUTHRIE: That is not right.

Mr. GARLAND (Bow River): Any appointment made by a government is a political appointment.

Mr. SPENCE: Try and get one in somewhere.

Mr. GUTHRIE: The present superintendent was appointed by the Civil Service Commission.

Mr. GARLAND (Bow River): I am not talking about the present superintendent, I am talking about what is going to happen if this resolution should pass. We will have a politically appointed superintendent passing upon recommendations for appointment made by the wardens. The thing is perfectly absurd. I believe the minister is sincerely interested in the merit principle but I appeal to him to offset any complaints made as to the administration of the act by the strengthening of the act and by placing upon the commission those men who are best qualified to fill the position.

The records of this house show that in the past we have not been wise in these appointments. We are inclined to blame any maladjustments or misfits in the service on the Civil Service Commission and on the Civil Service Act itself, when we should really blame it on the personnel of the commission. In closing these brief remarks at this stage of the discussion I would draw to the minister's attention the words of his own leader the Prime Minister of Canada, then in opposition, speaking on September 30, 1930.

THE ROYAL ASSENT

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

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate,

And having returned,

Mr. SPEAKER informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An Act to authorize an agreement between His Majesty the King and the Corporation of the City of Ottawa.

An Act to amend the Migratory Birds Convention Act.

An Act respecting the Synod of the Diocese of Saskatchewan and to change its name to "Synod of the Diocese of Saskatoon."

An Act to amend the Income War Tax Act. (Special tax.)

An Act to amend The Salary Deduction Act, 1932.

An Act for the relief of Margaret Borham Willson.

An Act for the relief of Clarence Eldon Durham.

An Act for the relief of Maurice Pasklink Simon, otherwise known as Maurice Simon Pashlinski.

An Act for the relief of Marjorie Elizabeth Rae Dixon.

An Act for the relief of Joseph Adrien Desmarteau.

An Act for the relief of Henry Norman Bethune.

An Act to amend the Income War Tax Act.

An Act to amend the Exchequer Court Act (exclusive jurisdiction).

An Act to amend the Dominion Notes Act.

An Act respecting The Saint Nicholas Mutual Benefit Association and to change its name to "Ukrainian Mutual Benefit Association of Saint Nicholas of Canada."

An Act respecting Relief Measures.

An Act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1933.

PENITENTIARY ACT AMENDMENT

PROPOSED APPOINTMENT OF OFFICIALS BY GOVERNOR IN COUNCIL

The house resumed consideration of the motion of Hon. Mr. Guthrie that the house go into committee to consider the following proposed resolution:

That it is expedient to amend the Penitentiary Act to provide that the governor in council may appoint a superintendent of penitentiaries; and may appoint such inspectors, wardens, deputy wardens and other administrative or executive officers as may be required, with such salaries as are approved by the governor in council; and that the superintendent, upon the recommendation of the warden, may appoint such guards, trade instructors and other subordinate officers and employees as are necessary, with such salaries as are approved by the governor in council; and to make further provisions in respect to gratuities paid to officers on retirement and the widows or dependents of officers who die in the service.

Mr. GARLAND (Bow River): Mr. Speaker, when I was so rudely interrupted by repre-

sentatives of another place I was just about to quote the words of the Prime Minister. In respect of civil service matters he is reported as having said:

> By personal investigation I have come to the conclusion that the fair way to deal with the civil service is, first, to appoint to the Civil Service Commission a member of the civil service;

Well, he has had two whole years to do it —he has really had three, but certainly he has had two since the house decided it was time to get rid of the old commission. Then, to continue the report:

> Second, to maintain the merit system and rigidly adhere to it, something the present administration has not done.

I most assuredly say that this bill, and the action of the committee on civil service matters of last year would indicate that the Prime Minister and the government is not at all averse to further despoiling the Civil Service Act and disregarding the merit system in regard to civil service appointments.

I most earnestly urge upon the minister that he reconsider the whole matter and not press the resolution to a vote, much less introduce a bill this year.

Mr. THOMAS REID (New Westminster): Mr. Speaker, I am rising at this time to oppose the passage of the measure. I certainly am opposed to any departure from the merit system. No matter what fault may be found with it, or no matter what fault the minister may see in it it is still the better system. I maintain if there are any defects in the present civil service appointments, they should be remedied. To leave appointments entirely in the hands of one man would be a retrograde step. I am not sure whether the minister is perfectly correct when he says that in the past the warden had no say regarding appointments. The minister told the house that the list was first selected by the Civil Service Commission, and that from the list, according as the men were rated, appointments were made. I think that is hardly correct, because I know of men who did apply, and although they had the necessary civil service requirements, it had been found by the warden that there was something against them or that they were not suitable. I know that on the advice of the warden those men did not receive appointments. Speaking particularly for British Columbia, I believe the wardens have had a keen eye on the appointments made by the Civil Service Commission. I doubt very much if men were given appointments just because they were the proper height and had the necessary educational qualifications. My information is that the warden sizes up the men, and that he has been in the habit of sending recommendations along with the list, stating that Jim Jones would be eligible, but that Sam Hill would not and so on. It is easy to see what may happen if the proposed legislation becomes effective. I do not believe for a moment that it is the intention of the present minister that this should take place, but it could very well be that a warden could dismiss half or the whole of the men there and then hire others. It may well be that the warden himself could lose his position and a military man be put there, and that he could or would employ all military men. Complete new staffs could be appointed if this resolution went through as proposed by the minister. There might be also wholesale dismissals. Then another point; if there were wholesale dismissals, what about those men who have been paying to the superannuation fund less than ten years? There would be difficulty and hardship regarding that. It might be possible that military organizations could be put in charge of a penitentiary, and the procedure might even go to the extent of appointing visiting commonwealth forces to take charge. And further, say, a military man was given an appointment in a penitentiary, he might deem it advisable, if one of the commonwealth forces were in this country, to have the force for the time being in charge of the penitentiary. That is a possibility. Anything could happen. There is no restriction of any kind as long as it meets with the approval of the minister or of the warden.

Then the minister spoke about the course of training, and mentioned the old country. I think training is very desirable. But the course of training would not amount to much if a new warden were appointed and wanted to dismiss most of the men in the organization. The fact that they had experience would not count for much if they did not meet with the approval of the warden who had been appointed.

There are other requisites besides courage. Courage I know is very important, especially during these times when we are dealing with a class of prisoner which is inclined to be revolutionary, if one should use that expression. But something more than punishment should be kept in view in confining men in penitentiaries. There is also the matter of endeavouring to fit them for reestablishment in civil life. A guard or instructor may have courage, he may have military training, but that would not mean that he would have any kindliness towards the prisoner. At this stage I do not intend to say any more but I am

certainly going to oppose this bill because I think it is a retrograde step. Many hon. members on the other side when they were in opposition voiced their objection to anything tending to a return to patronage, but now it seems, according to their "hear, hear's," that it would be all right. I do not understand how they can reconcile the two positions.

Mr. R. W. GRAY (West Lambton): I rise to say a few words in opposition to this resolution, because it is another step towards taking away from the returned soldiers the preference provided for them in the Civil Service Act. They have had this preference for a number of years, and certainly there is no one who has complained of it. We had evidence a few days ago that this government is prepared to go a long way in cutting down the privileges of returned men, when, in introducing the budget, it announced that those in the civil service drawing pensions would have their pensions stopped. In this resolution we find it carried another stage, the government will be able to appoint whom they will without regard to the preference provided in the Civil Service Act for returned men. It is within my recollection that last year or the year before when certain postmasters were allowed to be appointed outside of the Civil Service Act we retained the preference to returned men. So may I urge upon the minister that when he introduces this bill he insert a clause giving to the returned men the preference provided in the Civil Service Act. I think that is fair and will meet with the approval of this house and the country generally. I urge that upon the favourable consideration of the minister.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, I wish also to protest against the passing of this resolution and the bill that will be based upon it. There are two methods by which appointments to the civil service of this country can be made, one the patronage system, which we had prior to the appointment of the Civil Service Commission, the other appointment by merit, which has been more or less in effect since the setting up of the commission in 1919. However, every year since that time various groups have been taken from under the control of the Civil Service Commission, and this is an attempt to take yet another group away.

We can well understand the position that the Minister of Justice finds himself in at the present time; owing to the difficulties of the times a great strain is being put upon the penitentiaries and those who conduct them. There is no doubt about that. Possibly they find the situation difficult to cope with. But it does not at all follow that the method of appointment of the staff is the cause of the difficulty, and it does not at all follow that if the appointments are made in some other way the difficulties will be removed. I maintain that if appointments made at the present time are not satisfactory the wardens are to blame, and that the situation will not be improved if more power of selection is put in the hands of the wardens.

When applications are received by the commission they are considered by an advisory board, on which the penitentiary branch is represented. Obviously unqualified applicants are eliminated, and those whom the board recommends as apparently suitable are called up for oral examination, at which examination the warden of the penitentiary concerned is in attendance. The board recommend the candidates whom they find qualified. Up to this time the warden has in every instance concurred in the findings of the oral examination board, which consists of himself, a representative of the Civil Service Commission, and, in cases where the applicant or any of them are veterans, a representative of the Canadian Legion. So that if the guards or any of the employees engaged have not been of a sufficiently high standard it is due to the wardens themselves certifying as suitable men who are unfit. Besides, there is another safeguarding clause, that the person selected may be dismissed any time within six months of his appointment; so the superintendent may have opportunity of ascertaining the fitness or otherwise of the person so taken on before his appointment becomes permanent. I believe that gives all the opportunity possible for the selection of properly qualified guards in the penitentiaries. However, I should like to point out that if the commission does not function as it should, or as we think it should, I believe the commission could be improved. Last year I had the honour to be a member of a special committee of this house that investigated the Civil Service Commission and, as has been said already, recommendations were made by that committee suggesting the retirement of that commission and the appointment of new members. Up to the present time this has not taken place.

There is another point to which I should like to direct attention, and I believe this is one of the most serious matters facing the people of this country. I refer to the statement of the minister that the staffs of the penitentiaries should be considered as semi-military. My understanding is that penitentiaries

are places where men who have been tried by civil courts, under civil procedure, are placed for safe keeping or correction. The extension of militarism in this country is going on apace. One day we have the appointment of mounted police as truant officers; then we have their appointment as game wardens, and now we are to have our penitentiaries militarized. Soon I am afraid the civil courts may be abolished and we will have military court martials instead of the ordinary civil procedure if this government remains in power much longer.

I protest against this move, because I do not think it is necessary. I believe the Civil Service Commission is the body best qualified to make appointments to any part of the civil service.

Mr. JEAN: I should like to ask the minister a question before making up my mind in connection with this resolution. Will the act provide for a bilingual superintendent and bilingual officers so far as the province of Quebec is concerned?

Mr. GUTHRIE: I should say yes.

Mr. JEAN: Even with regard to the superintendent?

Mr. GUTHRIE: Yes.

Mr. ARTHUH DENIS (St. Denis) (Translation): Mr. Speaker, the resolution under consideration is certainly worthy of our attention, and had it to a greater extent pledged the responsibility of the government, I would have been disposed to congratulate them. I think that the hon. Minister of Justice (Mr. Guthrie) should have assumed the responsibility of appointing not only the superintendent of penitentiaries, the inspectors, wardens and deputy wardens, but also the guards and other employees.

According to the views expressed in this respect, some members are under the impression that the hon. Minister of Justice, by this resolution, wishes to set aside the system of appointing officers according to their qualifications. I think that the merit system in respect to guards can be applied just as well by an official of the department as by outside officials who are not connected with that department. It behooves ministers to assume full responsibility for such appointments. Reference is made to favouritism, it still exists under the Civil Service Commission, however, it is concealed. The time has come when all such hidden practice should disappear in the administration of public affairs, we should proceed openly. Ministers of the crown should assume the responsibility of appointing the officials of their department, and later on when called upon, give an account to the people of such appointments.

As far as I am concerned, I would approve of this resolution, if its powers were more extensive, and I trust that when the bill comes before the committee, certain amendments will be introduced in order to allow the minister to assume the responsibilities which are incumbent to his office and later on give an account of it to the people.

Mr. CAMERON R. McINTOSH (North Battleford): I should like to ask the minister if he has received the commendation of the civil service federation in connection with this measure.

Mr. GUTHRIE: Am I at this stage entitled to speak again?

Mr. SPEAKER: The house is not now in committee. Hon. members speaking to the resolution may do so once only.

Mr. McINTOSH: Then may I say that so far as I am concerned I have learned of a good deal of opposition to the move the minister is contemplating, and that opposition comes from practically every civil servant in the riding of North Battleford. These civil service locals have asked me to make the minister aware of this fact. I am doing so to-day; I am giving that echo of opposition to the minister in the hope that he may decide to change the bill even at this late date.

So far as this measure is concerned, Mr. Speaker, I believe it will be detrimental to the civil service in general. We have no national civil service council; no constitution for such a body has been worked out or put into effect. So, while this action will meet with much opposition, that opposition will not be so strong as it would have been if this national council had been in existence. Therefore, in opposing the move of the government, I am expressing the opposition of civil service locals in the federal riding of North Battleford.

Mr. HUMPHREY MITCHELL (East Hamilton): I should like to read one or two opinions into the record in connection with the resolution now before the house. I am not convinced that the Minister of Justice (Mr. Guthrie) made out a case for the transfer of the responsibility for these appointments from the Civil Service Commission to the superintendent and the wardens of the penitentiaries. I have before me a report in connection with the recent disturbances in the Kingston penitentiary. In the conclusions drawn in that report there is no recommendation of any kind that might lead the government to adopt this policy.

The minister said that these guards should be considered as a semi-military body. We must appreciate this fact, that the discipline of a military body has been built up with hundreds of years of back-ground. I am not convinced that, should this policy be adopted, we shall not very soon have once more the old state of political patronage. I have here a statement made by the superintendent of penitentiaries for the fiscal year ended March 31, 1926. At page 15 he has this to say:

The greatest drawback to our Canadian penitentiaries in past years, before the Civil Service Commission made appointments, was by the appointment of wardens and other administrative officers, without any experience or training in penitentiaries or knowledge of the criminal and his methods. . . . All that was necessary was that they required the position and it suited those in power to appoint them.

With further reference to the question of political pressure in connection with the appointment of officers to the penitentiaries, I would read part of an interview which appeared in Collier's Weekly, as copied in the Ottawa Citizen of February 23, 1927. Mr. William G. Shepherd, a special representative of that American magazine, interviewed the superintendent of Kingston penitentiary for the purpose of comparing American and Canadian prison methods. After outlining the state of affairs in the country to the south of us, where politics rather than merit predominated in the appointment of officials to the penitentiaries, he asked the question, "Are affairs like that in Canada?" The interview goes on:

"I'm glad you asked me that," said the Canadian superintendent. "There was a time here when wardens had to accept the guards who were sent to them. Politicians picked the guards."

"I remember, years ago, a guard who was put into a penitentiary position by a powerful politician. He was an ex-inmate, with a long, bad record. But the politician insisted, and a certain warden had to make a place for him. As was anticipated, within a few months the ex-inmate yielded to the temptation to handle money for prisoners."

"I saw that, no matter how good our plans might be for turning our penitentiaries into factories where we could turn out good men as well as good factory products, we would have to have honest guards, under the absolute rule of honest wardens."

"To-day our officers are selected by the Civil Service Commission. Their standard is high."

I verified this at Kingston penitentiary. I have never seen, in any American prison, such clean-cut young men in the corridors as I saw about the Kingston institution.

I have been in American prisons where wardens did not dare to discipline certain of their own guards who were special pets of powerful politicians. No wonder they were failing in the effort to run their prisons in orderly fashion and to discipline prisoners when necessary.

In Kingston penitentiary, under the superintendent's direction, which extends to all penitentiaries in Canada, Warden Ponsford exerts, it seemed to me, even more discipline over the guards than he does over the prisoners themselves.

"If you ask me," explained the superintendent, "to say what is the greatest boon toward advancement that has taken place in connection with the management of Canadian penitentiaries, I would have to say: The change in the method of appointment of officers: in other words, the taking of the authority to appoint out of the hands of the local politicians and placing it under the control of the Civil Service Commission."—William G. Shepherd in Collier's Weekly.

I think that substantiates the statements of hon. members who have spoken in opposition to the principle of this measure. Last year we saw that nearly four thosuand men who had previously been under the jurisdiction of the commission were placed within the purview of party patronage, and I am not so sure that the policy which the government contemplates will not work in an entirely opposite direction to that which the minister anticipates. I am absolutely opposed to the proposed change in policy.

Mr. SPEAKER: Shall the motion carry?

Mr. MACKENZIE KING: On division.

Motion agreed to and the house went into committee on the resolution, Mr. Smoke in the chair.

Mr. MACKENZIE KING: Can the minister give an estimate of the number of officials who are likely to be affected?

Mr. GUTHRIE: I do not know that anyone can estimate how many are to be affected, nor do I know that any retirements are contemplated. I know that within the past three months a number of inefficient officials have been retired for the greater efficiency of the service. I do not think that at the present time there is any particular case in contemplation at all. Permit me to say that I think the suggestions which have been made in regard to retirements have been rather extravagant.

It has been suggested that if this bill is passed as drawn it will be within the power of the superintendent and the wardens practically to retire the whole staff and appoint a new one. To my mind that is an unreasonable suggestion. This proposal gives power to the superintendent and the warden to appoint all the minor officials, the administrative officials in the penitentiary itself. I submit that this is an endorsation of the merit and not at all of the political system. The warden will be the man at first responsible for applications and passing on the applicant,

and if the applicant passes muster with him he will be put on for temporary appointment only until he has been tried out and approved by the superintendent.

The proposal of the superintendent in regard to guards is as follows. When a man has been accepted he shall undergo a course of training, that training to take place during his employment in the penitentiary establishment. It will last from three to six months before he is considered a fully equipped guard. That I believe is the term of instruction in Great Britain. It is also suggested that for the purpose of giving these guards training the wardens shall hold classes in the institution at the outset. One of the greatest deficiencies in the present guards is their lack of familiarity with the ordinary rules and regulations of the institutions. Many of them who have been there for a considerable time are not yet fully up on their own regulations. Another thing which in the opinion of the superintendent is very important is the lack of any training in the use of firearms. The superintendent, who of course has been trained in military work, has told me that on visiting various institutions he found that very few guards had any knowledge whatever of firearms. He said it was dangerous to be with them when they tried to explain an ordinary rifle or to load it. Many do not know how to load a rifle. We have had one or two accidents in the penitentiaries—I do not mean in the riots—in connection with the use of firearms by guards. They are almost totally inefficient in that respect. Firearms are dangerous things and some training in their use is necessary. It is anticipated that the Department of National Defence will be in a position to let us have the loan for a limited time of certain instructors to instruct the guards in the various penitentiaries at least in the elementary principles of the use of firearms. The wardens themselves will conduct classes with regard to prison regulations and special guards will be appointed to see that new guards are properly instructed in the handling of prisoners. After a probationary term of from three to six months it can be decided whether or not the proposed guard measures up to the requirements.

It was rather a surprise to me to find out that both the wardens and the superintendent placed considerable emphasis upon the guards and other minor officials in the prison establishments. It was found during the recent riots in Montreal, in Kingston and in New Brunswick that many of the guards were quite unable to cope with the situation confronting them. They did not know what to do. A fire took place at St. Vincent de Paul and it was found that there had been little or no fire drill in that institution. There had been practically none at Kingston but fortunately no fire occurred there. These are matters to which the superintendent attaches great importance.

Apart from all this, there is the safety of the prisoners themselves. A reckless or careless guard may do things in a moment of excitement which he would not do otherwise. As I say, there have been one or two instances where lives have been sacrificed by the careless use of weapons by guards. It is felt by the higher officials that the best system is that proposed by this measure. I expected that the charge would be levelled that patronage was breaking into this matter, but I think I am within the mark when I say that there is absolutely no patronage in the case of the mounted police. If we can have an establishment in our penitentiaries comparable to the mounted police, to my mind we would have almost an ideal system. It has been suggested that under the present system the wardens select the guards. That is not so. The wardens know that they have not that power and in most cases their examination of the prospective guards is rather perfunctory and not as complete as it should be. It was discovered recently that we had taken on two active communists as guards in one of our penitentiaries.

Mr. LAPOINTE: Were they appointed by the Civil Service Commission?

Mr. GUTHRIE: They were placed upon the eligible list by the commission. Of course, they were immediately released. I do not say that the same thing will not happen in exceptional cases under the system now proposed, but the object of this measure is to improve the morale, the discipline and the welfare of the prisoners, as well as the prisons themselves. It is intended to do this with a merit system entirely divorced from political patronage. That is the reason why this rather exceptional power is to be given to the wardens and the superintendent instead of to the governor in council.

A moment ago my hon. friend from North Battleford (Mr. McIntosh) asked whether the Amalgamated Association of Civil Servants supported this measure. I received a communication from a Mr. Knowles—I believe he is the secretary of the association—protesting against this measure. Through the efforts of Mr. Knowles I received similar protests shortly afterwards from civil servants in almost every quarter of Canada. They seem to imagine that they are a law unto themselves and that the Civil Service Commission

is their sheet anchor. They seem to think that no one can offer an amendment to the present system without their consent. I do not agree with that. The penitentiary officials are not members of the Amalgamated Association of Civil Servants; they have never been admitted to and have never desired to join with that association. Practically all the resolutions which I received were the same and probably they were drawn up in Ottawa and sent out through the country. I have great respect for the civil service of Canada but I do not think that they should dominate the judgment or will of this parliament. I take them for what they are worth, as representatives of an interested body, but if I feel that I can improve the system, I am quite willing to do so even at the risk of offending the Amalgamated Association of Civil Servants.

Mr. McINTOSH: The minister will admit that the representatives of the civil servants have a perfect right to protest to the department in connection with a policy of this kind?

Mr. GUTHRIE: I certainly do, and I have acknowledged receipt of their protests. There are many positions in the governmental service which are not under the jurisdiction of the Civil Service Commission. The late government, I think with the assistance of my vote, appointed a large number of preventive officers. I think there were some six or seven hundred such officers, three hundred and fifty of which are now in the mounted police. None of these men come under the Civil Service Commission. In the Department of National Revenue there is a large staff of appraisers who are not appointed by the commission. There are a large number of employees in the Department of Finance in a similar position. The employees of the Soldier Settlement Board and of the department presided over by my hon. friend the acting Minister of Immigration (Mr. Gordon) are not subject at all to the Civil Service Commission. The members of the military forces and the mounted police, the employees of the tariff board, the radio commission and the research council also do not come under the commission. There is no new departure suggested by this measure. This organization is more a police than a civil organization and there is every reason why some latitude should be given to these prison officials. For these reasons I think I can fairly ask that this measure be passed by the committee.

At six o'clock the committee took recess.

53719—225½

After Recess

The committee resumed at eight o'clock.

Mr. CHEVRIER: When the committee took recess the hon. Minister of Justice had given further explanations about this resolution, and among other things he said that the reason why this resolution was introduced upon which later legislation may be based was that it had been found with regard to the penitentiary guards that there was a lack of knowledge of the rules of the penitentiary, a lack of knowledge of firearms, and a lack of knowledge of the care of prisoners. That may all be true, and with that I have no quarrel, although it would be unfortunate if it were so. But I say that the responsibility for that condition is misplaced. As I pointed out this afternoon, these appointments were made by the Civil Service Commission, and they made the appointments under the conditions I pointed out. The Civil Service Commission measured the qualifications of these men by a measure which had been given them, over which they had no control, and if that measure was defective in producing the type of man required it was no fault of the Civil Service Commission. This resolution is introduced, the minister says, for the purpose of appointing men of certain qualifications. These men will be appointed, he says, and thereafter the warden will give them lectures on the observance of rules; they will be trained in the use of firearms, and given certain information about the care of prisoners. But all that could be done now. All that needs to be done now is to say to the Civil Service Commission, "The rules under which you have been operating have been found wanting. Those rules have been defective. Hereafter we want you to appoint men of a certain calibre, and here is the standard by which you will have to measure these men." So I say let us change the rules under which these men are appointed, and let the Civil Service Commission continue to appoint them according to the new standard. All that need be done hereafter could be done right now in that way. The minister will understand, I trust, that I am not saying this in any offensive way because I think he knows the esteem I have for him, but he will have to use more convincing logic if he wants even to attempt to convince me that the step he is now taking is in the right direction.

Resolution reported, read the second time and concurred in. Mr. Guthrie thereupon moved for leave to introduce Bill No. 59, to amend the Penitentiary Act.

Motion agreed to and bill read the first time.

SUPPLY

DEPARTMENT OF JUSTICE

The house in committee of supply, Mr. LaVergne in the chair.

Penitentiaries—amount required for cost of administration, construction, purchase of land, supplies and equipment, maintenance and discharge of inmates at Kingston, St. Vincent de Paul, Dorchester, Manitoba, British Columbia, Piers Island, Saskatchewan and Collins Bay penitentiaries, $2,941,400.

Mr. LUCAS: Would the minister explain the decrease in this item?

Mr. GUTHRIE: We have, as is known, a very large increase in our penitentiary population, but by cutting down our expenditure program in the way of buildings we are able to show a decrease in the vote this year. I suppose it is well known that in regard to construction in the penitentiaries a very large part of the work is done by prison labour. One difficulty is to find enough suitable work for prisoners to do. The work is not in all cases what you might call skilled labour, and therefore it is done more slowly perhaps than if it were done by contract in the ordinary way. We purpose curtailing building operations to some extent, in order to lessen our expenditures during the present year.

Mr. LUCAS: What part of this vote is for administration purposes?

Mr. GUTHRIE: I can give the figures for last year; the figures for this year will be about the same. The number of prisoners last year was 4,164, but on account of the Doukhobors the number has been increased to above 5,000. There were 740 employees on the staff, now increased to about 900. The total expenditures last year for administration, salaries and the like amounted to $93,-634; the figure this year will be slightly increased, although I have not the figure before me.

Mr. HEAPS: What damage was done during the recent riots?

Mr. LAPOINTE: If the minister will permit me, I should like to say that there are many hon. members who want to speak on the penitentiaries item. I believe this is the only place in the estimates where such a discussion could take place and—

Mr. GUTHRIE: As a matter of fact I had not intended calling this item.

Mr. LAPOINTE: I ask the minister to let the item stand.

[Mr. Chevrier.]

Mr. GUTHRIE: I intended to call the civil government item, but someone called for item 43.

Item stands.

Justice — salaries, $208,998; contingencies, including the Solicitor General's office, $40,000.

Mr. WOODSWORTH: According to the press, a report has been furnished the government concerning the case of Judge Stubbs. I should like to know if the Minister of Justice is prepared to make any statement in that connection.

Mr. GUTHRIE: I would not be prepared to make any statement at the present time. The report on the evidence has been received and referred to the Department of Justice. There are four very large volumes of evidence and a whole mass of exhibits that were filed at the hearing. To do justice to the quantity of material in hand would take some time; we have but begun. I fancy I am correct in stating there are probably 2,000 pages of typewritten evidence.

Mr. WOODSWORTH: The minister cannot tell us when a decision will be made in regard to the case?

Mr. GUTHRIE: No; as soon as we can carefully deal with the matter I shall bring it to the attention of the house, but I cannot say when that will be.

Mr. WOODSWORTH: I suppose until that is done we cannot do any anything. However I should like to say a word with regard to the case. Without discussing its merits, may I say that a large number of citizens in the city of Winnipeg are deeply interested in the case, and large numbers are very sympathetic towards Judge Stubbs. As a matter of fact a petition has been prepared and along with several other members I was asked some weeks ago to present it. I am told by one of my colleagues that it was presented this afternoon, and I am glad to hear it. Before the report had been made I felt that I could not present the petition, and I think that attitude was taken by some other members. Yet I should like to express my own very great sympathy with those who are presenting the petition. A great many of them of course will have no opportunity of going into the legal side of the case or viewing the evidence closely. On the other hand I think the idea behind all of it is that Judge Stubbs himself has been very—

Mr. McGIBBON: I rise to a point of order; this whole discussion is out of place. This matter is sub judice and the hon. member's

remarks are nothing but publicity and advertising for the hon. member for Winnipeg North Centre.

Mr. WOODSWORTH: Mr. Chairman—

The CHAIRMAN: The point of order is well taken.

Mr. WOODSWORTH: I wish to speak to the point of order. There are two things I resent in the statement which has been made. First of all, this is not being brought forward for the purpose of advertising for the hon. member for Winnipeg North Centre.

The CHAIRMAN: The hon. member is not discussing the point of order.

Mr. WOODSWORTH: The second point is that the case is not sub judice; the report has already been presented. Some of us have been very careful indeed to make no statement at all until the report had been presented.

Mr. GUTHRIE: Well then, wait until it has been presented.

Mr. McGIBBON: You are getting it in, anyway.

Mr. WOODSWORTH: I say the report has already been presented. Some of us were very careful to say nothing until the evidence had been brought in and the report presented.

Mr. McGIBBON: I rise again to a point of order.

The CHAIRMAN: The point raised by the hon. member for Muskoka-Ontario is well taken, because the subject about which the hon. member for Winnipeg North Centre is speaking is not now before the committee.

Mr. WOODSWORTH: Mr. Chairman, there is no point of order. The only point of order stated is that this case is sub judice, which is not correct.

Mr. McGIBBON: The discussion is out of order until the judgment is made known.

Mr. WOODSWORTH: No; I am not a lawyer, nor is the member for Muskoka-Ontario, but I know that much about the law.

Mr. McGIBBON: That is only common sense.

The CHAIRMAN: My opinion is—and I may be wrong—that the subject is still sub judice, because the report has not been made, and consequently it could not come under the item we are discussing.

Mr. NEILL: Where would it come, then?

The CHAIRMAN: I said the point of order is well taken.

Mr. WOODDSWORTH: Well—

Some hon. MEMBERS: Sit down.

Mr. WOODSWORTH: I am speaking to the point of order.

The CHAIRMAN: I have given my decision on the point of order. The only remedy left to the hon. member for Winnipeg North Centre is to appeal my decision.

Mr. WOODSWORTH: I do appeal then, against your decision.

Mr. LAPOINTE: You are alone. Did you appeal?

Mr. WOODSWORTH: Yes; I cannot see, when the evidence is all in—

The CHAIRMAN: Order; the hon. member has appealed and cannot speak any further. I am making my report to the Speaker.

Mr. LAPOINTE: May I say we are dealing with the civil government item?

Mr. SPEAKMAN: On the item, Mr. Chairman—

Mr. McINTOSH: Where do we go from here?

Mr. SPEAKMAN: When the Minister of Finance brought down his budget—

Some hon. MEMBERS: Order.

Mr. SANDERSON: I should like to know where we are on this matter.

Mr. McINTOSH: He is getting his decision written down.

And Mr. Speaker having resumed the chair:

Mr. SPEAKER: The chairman having ruled that discussion of the report on the investigation concerning His Honour, Judge Stubbs, is not a proper subject of discussion while considering the item of supply before the committee, Mr. Woodsworth appeals from that decision. Is it the pleasure of the house that the chairman's decision be confirmed? All those in favour will say "aye".

Some hon. MEMBERS: Aye.

Mr. SPEAKER: Those opposed will say nay. In my opinion the ayes have it.

The ruling of the chairman was confirmed, and the house resumed in committee of supply.

Mr. MACKENZIE KING: May I ask the Minister of Justice a question? I notice in the details of civil government, Department of Justice, that the minister, who really controls the department, is head of the department, has one assistant private secretary at $2,400. But the Solicitor General has a private secretary at $4,120 and a joint private secretary at $3,000. Could the Minister of Justice explain how it is that he has only an assistant private secretary, and the Solicitor General, who I do not suppose has the same responsibility as

the Minister of Justice, has two private secretaries?

Mr. GUTHRIE: I cannot explain any more than to say that I find I can get on very well with one assistant private secretary. I have never filled the position of private secretary since I was appointed, and we have made a very large saving in that respect. I think my predecessor had two private secretaries and one assistant.

Mr. LAPOINTE: No, one private secretary and one assistant.

Mr. GUTHRIE: The work in the Solicitor General's office has been enormously increased since the administration of the Ticket of Leave Act was placed in his department. I know he has quite a large staff who do nothing else; in fact I was told to-day that the correspondance of that department now amounts to 40,000 letters a year. There is this other feature: the Solicitor General is the representative in the cabinet of the whole of the eastern part of the province of Quebec, and I believe he has a very large correspondance in that connection. I have made inquiry of the deputy minister, and discussed the matter, and from all the information I have been able to gain I believe the staff there is constantly employed and is not in any sense larger than is needed. But I am glad to say that the estimates of the department show a reduction.

Mr. SPEAKMAN: When the Minister of Finance brought down the budget proposals he indicated that, in addition to the saving in expenditure as shown in the estimates as they now appear before us, there would be another saving, a reduction of approximately ten per cent—not necessarily in each department, but an average of ten per cent in all departments. Might I ask the Minister of Justice whether than ten per cent reduction will be taken from this item? Will his department share in it? If so, from what part of his estimates will it be taken?

Mr. GUTHRIE: These salaries are all subject to the ten per cent reduction, that is the reduction which we had last year and which is to be in force again this year. There is a reduction of $11,000 in the clerical staff alone, but I am not aware of any further reduction than the ten per cent authorized under the Salary Deduction Act.

Mr. SPEAKMAN: As I understood the Minister of Finance he said that in addition to some $4,000,000 of reduction shown in the estimates as they appear, a further general reduction averaging ten per cent but varying in the different departments would be made in the interests of economy. I knew it could not be applied to salaries; I was wondering to what part of the estimates of the Minister of Justice it would be applied.

Mr. GUTHRIE: If there is to be a general reduction of ten per cent it is a matter, I suppose, that will have to be taken up by the treasury board, and the Department of Justice will submit to the reduction if called upon. But there is no provision in these estimates for that ten per cent further reduction.

Mr. SPEAKMAN: As I understand it, we simply vote the estimates as they stand and the government will assume the responsibility of expending only ninety per cent of the estimates voted?

Mr. GUTHRIE: Not spending the money.

Mr. MACKENZIE KING: I notice there are three messengers and five confidential messengers. Has the minister five confidential messengers in addition to the three ordinary messengers?

Mr. GUTHRIE: No, I think there is only one in my branch, and one in the deputy minister's branch. There will be one in the remission branch in the western block, and at least one, perhaps two, in the Solicitor General's office.

Mr. WOODSWORTH: There is another matter about which I should like to speak—and I do not think it is sub judice; up to perhaps a day or two ago that excuse might have been given, but I cannot see how it can be given to-day. I refer to the question of the attempted deportation of Peter Verigin. That comes under the Department of Justice—

Mr. GUTHRIE: No, it does not; it comes under the Department of Immigration. My hon. friend can discuss it to his heart's content when the immigration estimates are up.

Mr. WOODSWORTH: I may discuss some aspects of the question when we come to the Department of Immigration, but there is a phase that directly relates to the Solicitor General's office, namely, the parole. The parole was given to Peter Verigin through the Department of Justice. This I believe is a copy of the document:

Remission Register No. R-48200.

Ottawa, January 20, 1933.

Convict—Peter P. Verigin, No. N-552, Prince Albert Gaol.
Crime—Perjury.
Sentence—18 months.
Date of Sentence—From May 6, 1932.
Age—51 years.
Previous convictions—Nil.

This inmate has now satisfied one-half of his sentence.

He is to be deported to Russia when released from custody, but the passport issued in his favour is only available until the end of March, and if he is not within the Russian border by that date it is doubtful whether it will be possible to obtain any extension of time.

The undersigned has the honour to advise that Peter P. Verigin be released for the purpose of sending him back to Russia, and further, has the honour to advise that the warden of the gaol be instructed not to release him until the necessary arrangements have been made for deportation, and that he be instructed to deliver the prisoner into the custody of the officer appointed by the deputy Minister of Immigration to see to his deportation.

(Signed) M. F. Gallagher,
Chief of Remission Service.

Recommended and respectfully submitted to Your Excellency:

(Signed) M. Dupré,
Solicitor General.

Approved.

(Signed) Bessborough.

From my standpoint this is a most extraordinary document. We have been told that the granting of parole was one of the last prerogatives remaining to the crown. I have never been able to see that this matter should be a royal prerogative in the sense that no one has any right to interfere or that no information can be given about it. On several previous occasions questions of this kind have been raised, and we have been told that since the granting of pardons is a royal prerogative there must be no information whatever given with respect to such matters. It seems to me that gradually the so-called royal prerogative has been done away with and that nearly all these matters are now matters of executive action. I think we all know that in practice paroles are given by the remissions branch, and it seems to me that there is no particular reason why parliament should not become acquainted with the reasons for the giving of a parole.

In this particular case, Mr. Chairman, the reasons are given with altogether too much particularity for us to let the matter pass without some definite inquiry addressed to the minister. In the very first place there was considerable discussion as to whether or not this man could be deported; the matter went back and forth between the department here and various outside officials. I know, for example, that there was correspondence in which it was urged upon the acting Minister of Immigration that Peter Verigin should be sent to Mexico instead of to Russia. To be fair to the acting Minister of Immigration, there is nothing in the correspondence laid upon the table to indicate that he yielded to these importunities, but pressure was brought to bear in a letter signed by P. H. Gordon, who apparently was acting for a real estate firm who were interested in seeing that Peter Verigin went to Mexico.

The CHAIRMAN: The hon. member can discuss this case in connection with the immigration estimates, but I do not think it comes under this item.

Mr. WOODSWORTH: I am discussing it directly under this item, and I want to read one paragraph from this letter which was sent to the Minister of Immigration:

If there is any possibility of the government allowing Verigin to go to Mexico rather than deport him, I should be very glad if you would write and let me know. Mr. Hackney has advanced large sums of money in cash to Verigin and to the various directors of the community to enable them to personally inspect the land in Mexico and it will give him an opportunity of recouping himself. In my opinion, if Verigin is deported, we shall have more difficulty than ever with Doukobors and the easiest way out of the difficulty is to get the Sons of Freedom to go with Verigin.

Whether or not there was direct communication between the acting Minister of Immigration and the Department of Justice I have no documentary evidence, but the so called pardon would seem to indicate something of this kind. Verigin was to be deported to Russia when released from custody, and the passport issued in his favour was available only until the end of March. If he was not within the Russian border by that date it was doubtful whether it would be possible to obtain an extension of time, so evidently there was some negotiation as to when he was to be released. It seems to me that the royal prerogative is being brought down very nearly to a matter of departmental exigency. I will not go so far as to say that this in turn has been determined more or less by other and outside influences.

Mr. McGIBBON: What would you suggest should be done with him?

Mr. WOODSWORTH: I am not suggesting anything; I say that we are degrading the royal prerogative.

Mr. McGIBBON: You should have some solution.

Mr. WOODSWORTH: We are not discussing the question of Peter Verigin; we are discussing the issue of this paper which purports to be a parole or pardon. Mr. Gallagher, acting for Mr. Dupré, says:

The undersigned has the honour to advise that Peter Verigin be released for the purpose—

This is the purpose:

—of sending him back to Russia.

That is not a pardon.

—and further has the honour to advise that the warden of the gaol be instructed not to release him until the necessary arrangements have been made for deportation—

That is, the whole thing is being very carefully arranged, and the pardon is being granted contingent upon these arrangements. It would seem that the position I am taking is endorsed by Mr. Justice Mellish of the Nova Scotia Supreme court. I should like to read a paragraph or two from his decision.

Mr. McGIBBON: That may be repealed.

Mr. WOODSWORTH: It is not repealed. Neither my hon. friend nor myself is a lawyer, but I think I know that much about law. I will read a few paragraphs from the latter part of the decision:

Section 43 of the Immigration Act, which has already been several times referred to, is as follows:

"43. Whenever any person other than a Canadian citizen, or a person having Canadian domicile, has become an inmate of a penitentiary, gaol, reformatory or prison, the Minister of Justice may, upon the request of the Minister of Immigration and Colonization, issue an order to the warden or governor of such penitentiary, gaol, reformatory or prison, which order may be in the form F in the schedule to this act, commanding him after the sentence or term of imprisonment of such person has expired to detain such person for, and deliver him to, the officer named in the warrant issued by the deputy minister, which warrant may be in the form G in the schedule to this act, with a view to the deportation of such person."

If there is no authority in law for deporting the prisoner he must be discharged. If he is lawfully held for deportation the application for his release must be refused.

At the outset I was and still am of the opinion that the prisoner cannot be deported or held imprisoned for deportation for what I think is a rather obvious reason, viz: that his "sentence or term of imprisonment" has not "expired" within the meaning of the above section. Nothing that has happened for the purpose of accelerating his removal from the country can in my opinion have that effect. On this ground alone I think the prisoner is entitled to be discharged. However, the reasons upon which it is contended that the deportation is authorized by the act under the sign manual of His Excellency the Governor General will be given a fuller consideration. In determining the interpretation to be given to that document, it need hardly be said that the policy of the government as expressed therein in relation to the prisoner is immaterial except in so far as such policy can be legally implemented.

It is contended that the document is a conditional pardon. The right of the crown to grant a pardon subject to conditions is undoubted, but they must be lawful conditions and not repugnant to the pardon itself.

There is nothing on the face of the document I think to show that the prisoner's release is subject to any condition. It shows I think the purpose or motive of the release, and the legal consequences expected to follow therefrom, by those on whose advice his excellency acted. But there is no question of a condition. The prisoner was to be released and nolens volens forthwith deported.

A word as to the powers of the crown in this connection is I think in order.

As I understand the law, a prisoner's sentence cannot be commuted, i.e., altered, except under the authority of an act of parliament; and this as I understand arises from the fundamental reason that sentences or terms of imprisonment are fixed by the courts in accordance with the law which is binding on the crown as well as the subject. In respect to sentence of death parliament has authorized such commutation. But such is not the sentence here. The "term of the imprisonment" referred to in section 43 means I think the term fixed by law for its duration and cannot in my opinion be altered at least against the will of the prisoner, for the purpose of accelerating his deportation. He has a right if he choose to take the limit of time allowed him before deportation. The crown in extending the royal mercy does not I think alter the law or the sentence or term of imprisonment fixed by law. In exercising this mercy by means of a pardon, the punishment is remitted but the sentence and period or term fixed for the punishment remain. If the prisoner is pardoned conditionally he has I think the right to refuse the pardon if he is unwilling to accept the conditions. If the prisoner has been pardoned (and I do not think he could be discharged from prison except in exercise of the power of pardon) he cannot in my opinion be deported. Freedom from deportation is incident to the pardon, because deportation was incident to the imprisonment. In any view the prisoner is I think unlawfully detained for deportation and must be discharged.

Mr. McGIBBON: What is the hon. member reading from?

Mr. WOODSWORTH: From the decision of Mr. Justice Mellish, published in the Halifax Chronicle of Monday, March 27, 1933. It seems to me that there are two points to be considered here. The first is that the so-called royal prerogative is being degraded. We have here a conditional pardon, a so-called pardon the outcome of which would be that the prisoner would receive a more severe punishment than that to which he had been originally sentenced. My next point is that if we are to maintain the dignity of the crown and all that goes with it we cannot allow matters of this kind to pass unnoticed. Further than that, it seems to me that the decision of Mr. Justice Mellish is a direct reflection on the Department of Justice. He says:

The right of the crown to grant a pardon subject to conditions is undoubted. But they must be lawful conditions and not repugnant to the pardon itself.

That is an implication that the conditions are unlawful, and under the circumstances I think the Minister of Justice should explain to this committee how his action was deter-

mined in this case and if possible give some justification for what seems to have been an illegal act.

Mr. GUTHRIE: I do not propose to answer my hon. friend at any length except to say that he has based his whole statement practically on the fact, which he has repeated on more than one occasion, that Peter Verigin was granted a parole or pardon. He was granted neither a parole nor a pardon. Paroles are granted only under the Ticket of Leave Act upon conditions endorsed upon the ticket of leave. The Ticket of Leave Act is never used when deportation proceedings are in view. There is nothing about a pardon in the whole proceedings. What there was was a release for deportation under the provisions of the Immigration Act, and the judgment which the hon. member has just read to the committee in regard to the Peter Verigin application for habeas corpus was yesterday virtually overruled by unanimous decision of the Supreme Court of Canada. I do not think I need go further; I have the judgment in my hand and it is unanimous.

Mr. WOODSWORTH: May we have it on the record?

Some hon. MEMBERS: Order.

Mr. GUTHRIE: It establishes the right of his excellency under the royal prerogative to release for deportation, and it forms a complete answer to the argument now submitted to the committee by my hon. friend.

Mr. SANDERSON: There are five confidential messengers provided for in this department. Will the minister give us some information in regard to this. My mind goes back to 1928 when the present Minister of Justice was leader of the opposition in the House of Commons—

Mr. GUTHRIE: Not in 1928.

Mr. SANDERSON: In 1927. Although I have not Hansard here to quote from, my recollection of the debate that took place then is that the then leader of the opposition made a very bitter comment on the fact that there was one confidential messenger in the Department of Justice, and wanted to know what was the difference between a confidential and an ordinary messenger. Now we have five confidential and three ordinary messengers being provided for in the Department of Justice. What is the reason for the increase in the number of confidential messengers and what explanation has the minister to offer with regard to the salary that goes with the position? I would point out to him, what is obvious to everyone, that conditions in this country in 1927 were very different from what they are now and if ever there was a time when there should be a curtailment in the number of civil servants rather than an increase it is now.

Mr. GUTHRIE: Without having the estimates for 1927 before me, I will guarantee that as between the estimates of that year and the present estimates there is a substantial decrease. I will also inform my hon. friend that the work of the Department of Justice has enormously increased, owing probably to the situation that exists throughout the country. In litigation there has been a very marked increase in the number of cases; our present prison population is up to 12,000, including penitentiaries and prisons; the number of opinions asked of the department are greater than ever before; and there is a very considerable increase in work and a very slight increase in staff. In the principal offices there has been a decrease. As regards the increase in messenger staff, that arises in part from the fact that the remission branch had to be moved from the east to the west block. I think one messenger is used between the penitentiary branch, which is in the Confederation block, and the east block. I think there are only two in that section of the Department of Justice over which I preside, one or two in the remission branch, and one or two, I am not sure which, in the Solicitor General's office. These are increases in minor offices and the salaries are set out at page 80, but there is generally a substantial decrease as between the estimates in the years 1927, 1928 and 1929 and the estimates now before the house.

Mr. SANDERSON: Apparently the Minister of Justice thinks differently to-day from what he did in 1927, because in that year when he was leader of the opposition and the estimates of the Department of Justice were being considered—

Mr. GUTHRIE: I do not recall the incident.

Mr. SANDERSON: I have a very clear recollection of it. The estimates contained a vote for one confidential messenger, and the then leader of the opposition, the present Minister of Justice, talked for about three quarters of an hour and wanted to know why the government—

Mr. GUTHRIE: I never do that.

Mr. SANDERSON: He wanted to know the difference between an ordinary and a confidential messenger. He said that as far as he could see, a messenger who was a civil servant was a confidential servant of the gov-

ernment, and there could be no difference between an ordinary and a confidential messenger. The minister must have had a change of heart since that time, because he now offers estimates containing votes for five confidential messengers for the Department of Justice. It appears to me that there should be a curtailment of the number of employees in this department. If in 1927 the minister thought that one confidential messenger was useless and should not be employed, he should not come to the committee in 1933 with estimates for five confidential messengers. Is the business of government more confidential to-day than it was in 1927?

Mr. GUTHRIE: Does my hon. friend say that there was only one messenger in the Department of Justice in 1927?

Mr. SANDERSON: One confidential messenger.

Mr. GUTHRIE: Has the hon. member the estimates?

Mr. SANDERSON: I am trusting to my memory, and I think it is just as good as the minister's.

Mr. GUTHRIE: I have entirely forgotten it, so I hope the hon. member's memory is better.

Mr. SANDERSON: I have not forgotten. I remember well the discussion that took place at that time in the committee of the whole. There are one or two other observations I should like to make upon this vote. In 1927 when the minister was leader of the opposition, the Minister of Justice of that day had a private secretary. To-day the Minister of Justice has not only a private secretary but an assistant private secretary.

Mr. GUTHRIE: I have no private secretary; I save $4,200 there.

Mr. SANDERSON: If I am in error I am sorry.

Some hon. MEMBERS: Oh, oh.

Mr. SANDERSON: My hon. friends had better not laugh too soon. In 1927 the Solicitor General had a private secretary but in 1933 the present Solicitor General has a private secretary as well as an assistant private secretary.

Mr. VENIOT: And he has two additional ones down home.

Mr. SANDERSON: I do not know about that, I am referring only to what appears in the estimates. Does the minister think it correct that the Solicitor General, who has always been considered a kind of fifth wheel to the coach, should have a private secretary and an assistant private secretary? Are his duties such that he has to add to the civil service of this country? I am sorry the Solicitor General is not in his place but can the Minister of Justice defend this vote?

Mr. GUTHRIE: Before my hon. friend came into the chamber his leader raised this question and I explained it very fully. I have made inquiries with regard to the staff of the Solicitor General and I find that they are continually employed. The work in this department has more than doubled in the last three years. The Solicitor General is the only representative in the government from eastern Quebec and his correspondence is enormous. This matter was brought to my attention by the deputy minister and I have satisfied myself that the department is not overstaffed. I might give another instance in connection with the Department of Justice. At one time five lawyers were employed on the Soldier Settlement Board; these men have all been let out and the work is being carried on by the Department of Justice without any increase in staff.

Mr. SANDERSON: I take it that the minister defends the increase from one to five in the number of confidential messengers, and defends also the Solicitor General having a private secretary and an assistant private secretary.

Mr. VENIOT: Do the estimates allow for the payment of salaries to private secretaries at the Soliticor General's home?

Mr. GUTHRIE: None that I know of; I think they are all here.

Mr. SANDERSON: Is the minister aware that the Solicitor General has two private secretaries at his service outside of the department?

Mr. GUTHRIE: The hon. member means not in Ottawa?

Mr. VENIOT: Yes.

Mr. GUTHRIE: No, I was not aware of that. In answer to the statement made by the hon. member for South Perth (Mr. Sanderson) that I had spoken for three-quarters of an hour on a previous occasion, I should like to quote from page 107 of Hansard of 1926-27 as follows:

"Justice—salaries—to provide for salary of a confidential messenger, $1,200."

Mr. Guthrie: I remember when I was the occupant of the office of Solicitor General, we had a very excellent messenger, but he was not described as a confidential messenger. I think

he is still there, and my recollection is that in that office we did not have a very great deal for a messenger to do. May I ask my hon. friend the Solicitor General whether he is asking for an additional messenger, described here as a confidential messenger, or is there to be only one messenger in connection with that office?

Mr. Cannon: Only one.

Mr. Guthrie: The word "confidential" means nothing, I presume?

Mr. Cannon: I am not responsible for the adjective.

Mr. Guthrie: Is there any distinction in salary between the position of messenger and confidential messenger?

Mr. Dunning: Yes.

Mr. Guthrie: The other one was just an ordinary messenger. Might I ask if it is the same man?

Mr. Cannon: Yes.

Item agreed to.

That is the whole discussion, and that is the tirade I raised against the confidential messenger of the Solicitor General! I did not even object.

Mr. SANDERSON: That does not make any difference.

Mr. SPENCE: You said he talked three quarters of an hour.

Mr. COTNAM: And that you had a distinct memory of it.

Mr. SANDERSON: The minister said a few minutes ago that he had not a private secretary. Am I right in understanding that?

Mr. GUTHRIE: Yes.

Mr. SANDERSON: But the minister has an assistant private secretary.

Mr. GUTHRIE: Yes.

Mr. SANDERSON: I would like to know how one can have an assistant private secretary and no private secretary.

Mr. GUTHRIE: Simply because I have never filled the senior position. It was impressed on me that I should cut down in every way, and by doing considerable hard work myself I have managed so far to get on without the private secretary. I may have to have one later, but so far I have managed without one.

Item agreed to.

IMMIGRATION AND COLONIZATION

Immigration and Colonization—Immigration salaries and contingencies, $1,417,000.

Mr. MACKENZIE KING: The minister has been emphasizing in the last few days that the immigration work has dwindled down to next to nothing, that he is keeping out immigrants and not encouraging any to come in. I ask him how, in those circumstances, does he justify asking for $1,417,000 for immigration salaries and contingencies outside of Ottawa, and outside of Canada altogether, I presume.

Hon. W. A. GORDON (Acting Minister of Immigration and Colonization): I do not think the right hon. gentleman is quite fair when he says that I have been stating time and again, or words to that effect, that no immigration is allowed to enter this country.

Mr. MACKENZIE KING: Well, boasting that it had been reduced to very little.

Mr. GORDON: Yes, I think that is a fairer way of putting it. The type of immigration that my right hon. friend and his government permitted I have stopped, and I propose to keep on stopping it. Immigration that is now coming to Canada I trust is of a different calibre from a great number of those who were permitted to enter this country before 1930.

Mr. LAPOINTE: They will all be aristocrats, perhaps.

Mr. GORDON: No, hardly that. The outside service is mainly engaged in the patrol of the border and inspection at ocean ports. There is also a comparatively small expenditure in keeping open certain offices in the United Kingdom. I am told by the departmental officials that the boundary inspection work is now greater and more onerous than it has ever been in the history of the department. I am also told that on the United States side of the line, with the supervision of a population only as large as Canada's, the United States employ twice as many officers as Canada, doing the same sort of work. Each succeeding year new highways crossing the international boundary are coming into being. The tunnel and the new bridge at Windsor have also added slightly to the cost, although the committee will see that there is a decrease in the total vote. I am also told by the departmental officials that the reports and accompanying correspondence and also the general correspondence have very largely increased. I would point out to hon. members that it is very much easier to permit anybody to come into Canada than it is to select those whom you would like to have in this country, because there always arises the human equation in these matters, with pressure brought to bear on the minister and the government to depart from the rule in individual cases, and make departures sometimes from principles and policies as laid down. Those who have occupied the position of Minister of Immigration heretofore are well acquainted, I am sure, with the difficulties that are constantly arising in that connection.

Mr. STEWART (Edmonton): How many offices in the United States has the minister closed?

Mr. GORDON: All of them.

Mr. STEWART (Edmonton): How many have been closed in England?

Mr. GORDON: There are just six offices open in England, three of them on part time, merely to keep the structure together and keep the contact alive, so that when we continue the work we shall not have lost the benefit of the organization that has been set up.

Mr. STEWART (Edmonton): Is it still necessary to maintain officers on the continent? Do they do any examining there?

Mr. GORDON: Yes. The situation that developed when the regulations were changed in 1930 was this, and it still prevails. Under the regulations as they then were and still are, the heads of families who preceded the family into Canada—I do not think it is possible to give the exact figures but they number very many scores of thousands—were permitted to have their wives and children follow them to this country, and that right of the head of the family in Canada was preserved in subsequent regulations. It is of course necessary to maintain the inspectional service, although that staff has been greatly cut down. For instance, there is not now an inspection service on the Baltic whereas formerly we had one at Danzig, but that has been closed. There is on the Atlantic coast and at Paris. In order to examine the wives and children and heads of families at present here, that service of necessity has to be continued, although with a reduced staff.

Sir EUGENE FISET: May I ask the minister if he is still keeping one of those immigration officers at Father Point?

Mr. GORDON: So far as I am aware there never has been an immigration officer at Father Point.

Sir EUGENE FISET: Is there a medical examiner there?

Mr. GORDON: The practice of the department has been to send an officer from Quebec to Father Point to board some of the larger steamers, in order to make civil and sometimes medical inspections.

Sir EUGENE FISET: But there is not a station at Father Point?

Mr. GORDON: No.

Mr. STEWART (Edmonton): Most of the continental examinations are made in Paris, are they not?

[Mr. Gordon.]

Mr. GORDON: I think the major portion of it is done in Paris.

Mr. GARDINER: Where are the chief immigration officers located in Great Britain?

Mr. GORDON: London, Liverpool and Glasgow.

Mr. GARDINER: Have you a full staff at those points?

Mr. GORDON: Yes, at those points.

Mr. STEWART (Edmonton): Is the Belfast office closed?

Mr. GORDON: Belfast is open.

Mr. COOTE: May I bring to the attention of the minister the case of an immigrant named J. E. Flower who was brought to Alberta some years ago. I discussed this case with the minister last year. This man, with his family, wife and three children, was anxious to be sent back to the old country because he was not able to get any work in Canada which he could do. A year ago I took the matter up with the minister and, if I remember rightly, he informed me that if the province of Alberta could furnish railway transportation for the family to Montreal, it was just possible he might be able to have them returned to the old country. After the province agreed to furnish transportation to Montreal the minister said that before he could furnish ocean transportation somebody in the old country would have to signify his willingness to look after the man and family upon their return. Flower was unable to get anyone to guarantee to look after him. Finally, the provincial authorities, having grown tired of keeping the man and his family, advanced the necessary money to return them to the old country.

I have the following letter from the supervisor of charity and relief. Dated at Edmonton, September 3, 1932, it is as follows:

> I am pleased to report to you that I have despatched this man and his family to the old country. The cost to the province, which was paid from public funds, was $492, and I would appreciate it very much if you would use your influence with the federal government to have this province reimbursed for fifty per cent of the expenditure.

Some hon. MEMBERS: Oh, oh.

Mr. COOTE: I say to hon. members that there is a very good reason why the federal government should assist in this case. The letter continues:

> I have no record showing whether this man obtained an assisted passage, but from his statement on file he was unemployed in the

old country and his father purchased transportation for himself and family to Canada, and since his arrival here he has been a public charge. The province has already expended the sum of $2,381.50 for their maintenance.

Hoping that I may have a favourable report from your effort, for which I wish to thank you in anticipation.

Yours truly,

A. A. Mackenzie,

Supervisor of Charity and Relief.

I wish to draw to the attention of the committee and the minister that this man and his family cost the province of Alberta a total of $2,873.50. That province had nothing to do with bringing him to Canada. At that time hon. members in this corner of the house were protesting against the government's immigration policy. The man in question had no employment in the old country, but his father paid for passages for Flower and his family to Canada. Alberta has spent, up to the present time, $2,381.50 for their maintenance, and is now paying $492 to ship them back to the old country, because it appears that they would be a charge upon the province as long as they remained in Canada. I admit the minister had nothing to do with bringing them to Canada, but the federal government has a responsibility. It seems to me unfair that the province of Alberta should have to pay $2,873.50 for one family.

Mr. REID: How many years did that cover?

Mr. COOTE: I think they came out in 1924. The circumstances I have outlined indicate the expense some of the western provinces have had to bear because of the immigration policy of the Ottawa government.

Mr. HANSON (York-Sunbury): Address your remark to the hon. member for West Edmonton.

Mr. COOTE: I am addressing my remarks to the Acting Minister of Immigration. I think in all fairness the government should share the expense of returning this family to the old country; that is ths least we could ask the government to do. I do not ask the minister to give me a statement offhand; I think he will remember our discussion of the matter last year. I hope at least he will promise to give the matter some consideration, and that the province of Alberta may hope to be reimbursed in part for the expense to which they have been put. It is most unfortunate that some of the provinces have to incur such heavy expenses because of an immigration policy carried out by a government at Ottawa. At the time this family entered the country I believe the province of Alberta was not in favour of the immigration policy of the Ottawa government.

Mr. GORDON: I have not a clear recollection of the case to which the hon. member for Macleod (Mr. Coote) has referred. Of course hon. members are well aware of the situation with regard to that and similar cases. Apparently the man and his family made legal landing in Canada, and complied with our laws as they then existed. I do not know whether they received any assistance from the British government when they came. But under the provisions of our law a person who resides legally in Canada for five years or more acquire domicile. Even if the Dominion government cared to invoke the provisions of the law with respect to deportation, we would be precluded from doing it by reason of his having acquired domiciliary rights. As to whether the policy of bringing immigrants into the western provinces has been beneficial, I have not much to say. I think the results were beneficial to the extent that desirable people were attracted to those provinces. Very great benefits resulted to the western provinces through the efforts of the Dominion government to procure desirable people for colonization within provincial boundaries. Our immigration law precludes the Dominion government from deporting—because that is really what it means—people who have legally landed in this country and resided here for five years. The five year period was thought by parliament to be long enough to indicate whether a person coming from other lands was a desirable citizen of this country or otherwise; I assume that is the reason the five year term was decided upon.

Mr. SPEAKMAN: That places the British subject on the same footing as the foreigner, who could become naturalized in five years?

Mr. GORDON: Yes. I had no authority under the Immigration Act either to order a family deported on complaint of the municipality or province, or to pay anything with respect to the return passage. If the law were changed to cover cases of that kind I am afraid it would impose a very great burden on the treasury. I will admit that with respect to immigration we must of necessity take some chances; that is inevitable in the movement of people from the land of their origin to a country of adoption. I cannot but think that the western provinces have greatly benefited by the colonization of desirable people from other lands. There must

be hundreds of thousands of that class. Of course there is a percentage of failures. It is a question whether the benefits should be set up against the disadvantages and the balance shouldered by the federal state. I do not think I would care to embark on any such bookkeeping; it would be hopeless.

Mr. COOTE: Perhaps I should have said, if I did not, that this man had asked repeatedly for deportation. He wrote to me personally after he failed to interest the department. It was only because he wanted to be deported that I interested myself in the case. I would not ask that the man be deported if he did not himself desire it.

Mr. STEWART (Edmonton): May I ask the hon. member what was the matter with the family?

Mr. COOTE: The man was unable to get work for a long period. Since he had been in the country, the province of Alberta had spent on relief for him and his family $2,381. It appeared that they would have to keep him and his family outright, for a good many years at any rate, and they paid $492 to send them back to the old country.

Mr. GORDON: When did the province start to pay direct relief for this man?

Mr. COOTE: I am sorry I have not got that here, but I have read the letter from the officer in charge of relief at Edmonton giving the amount that the province had expended up to that time. The province thought it was much cheaper for the authorities to buy this man's passage back to the old country.

Mr. STEWART (Edmonton): Was he physically unfit?

Mr. COOTE: He was a miner and his eyesight was not good enough for him to get work in the mines. That is the only report I could get from the mounted police. He was located in a mining district and apparently there was nothing else for him to do. I want to urge this on the minister: He says we were taking chances on these immigrants. I think it is the province that took all the chance; the dominion did not take much. In this case the province had to take it all. If the man was on relief he would have to be kept jointly by the two governments, as I understand, because he was in unorganized territory outside a municipality and the Dominion government is just as much advantaged by this man being sent back to the old country as is the provincial government. If he were still here, if the province had refused to send him back, the province would have had to keep him and his family, and the Dominion government would have had to share in the cost. If it was good business for the province to buy his passage back to the old country to save that unemployment relief cost for the next few years, surely it would be good business for the Dominion government to share in that expense. It seems to me unfair that the province should have to bear the whole cost. Under the circumstances I think it would be quite proper for the dominion to share in the cost of his transportation back.

Mr. GORDON: And apply the rule generally?

Mr. COOTE: Well, I think so—apply the rule generally. I see nothing unfair to the dominion in that, but it is very unfair to the province as it stands at the present time.

Mr. GORDON: There has been some criticism in connection with a class of people against whom the municipalities and the provinces have made complaints and caused their return to their country of origin. I think perhaps the hon. member for Winnipeg North Centre (Mr. Woodsworth) has been the most outspoken in that regard, with the possible exception of a newspaper or two. I put this to the members of the committee. If the suggestion of the hon. member for Macleod (Mr. Coote) were adopted it would mean that people who have been in Canada for the time specified by the act for acquiring domiciliary rights, namely five years, or no matter how long ago they came to Canada say from Great Britain, should be deported, if through misadventure or through their own shiftlessness or through any other cause they are unable to support themselves in this country. Would it be fair to the United Kingdom that in those cases, after people had lived in Canada for perhaps ten or fifteen years, having made a legal landing in this country under our laws, the burden should be shifted back to the United Kingdom? My own view is that it would not be fair or just. There are cases like the one mentioned by the hon. member for Macleod which would seem to give some basis for action that might be taken jointly by the province and the dominion, but those cases are not very general, and I would not care to embark on the idea of making the general law conform to the particular case.

Mr. COOTE: Whether it is made general or not, I feel that in this case, where the man asked to be deported—

Mr. GORDON: But we could not deport him.

Mr. COOTE: He asked to be sent back; what harm is there in advancing him the money and letting him go back? I think it would not be unfair to say that Great Britain has been relieved of his maintenance for possibly eight or nine years while he was in this country, so they would not object very seriously to having him back now. At any rate the province of Alberta thought it good business to pay his passage back rather than have him permanently on relief. They have thus relieved the dominion of a considerable burden of unemployment relief; why should not the dominion share in the expense of his passage to the old country where he wishes to go?

Mr. DUPUIS: I think the hon. minister means that if he paid the fare to return this immigrant it would be a precedent. I think he is right. I just want to ask a question: Is there any change in the Montreal office staff as compared with last year?

Mr. GORDON: No, there has been no change in the staff with the exception of temporary officials such as deportation officers and other minor officials who have been appointed for short periods. They are constantly changing.

Mr. DUPUIS: Is there the same number of regular officials as last year?

Mr. GORDON: Yes, I think practically the same number. There may be some reduction, but I would not care to say.

Mr. DUPUIS: Who has taken the place of Mr. Moquin, who was formerly head clerk?

Mr. GORDON: Mr. Moquin was retired some time ago. Mr. Langlois is there now.

Mr. DUPUIS: What was his salary?

Mr. GORDON: I have not under my hand the exact amount, but it is approximately $2,400 a year.

Mr. DUPUIS: The salary Mr. Moquin used to receive?

Mr. GORDON: Yes.

Mr. COOTE: I was not in the house the other evening when the minister's estimates were up. Did he place on Hansard the number of immigrants entering Canada last year?

Mr. GORDON: Yes.

Item agreed to.

Empire settlement scheme, including grants authorized by the governor general in council, $15,000.

Mr. NEILL: I presume this is the three thousand family scheme. Would the minister let us know how many families are still on the land and what proportion, if any, are not in arrears—though I anticipate that most of them will be in arrears. Would the minister also indicate the nature of the grants authorized by the governor general in council?

Mr. GORDON: That does not arise under this vote. This is a vote of $15,000 to take care of the contributions made to the women's hostels at Montreal, Toronto, Calgary and Winnipeg. This also includes the sum of $4,000 which is placed in the estimates for the purpose of making a loan, which was to amount to $1,000 from the Canadian government and $1,200 from the British government, to British boys who had earned and were in possession of $500. That was under an agreement. Up to the present time we have not had to supplement the $500 in any single instance, but in order to fortify our department against any breach of that agreement we have carried forward the sum of $4,000 in this vote.

Mr. NEILL: May I ask how many of these boys were brought cut? And do I understand that in not a single instance has a boy been successful enough to call upon the government for its share?

Mr. GORDON: That is scarcely the right way to put it. The scheme did not work out at all for this reason, that the boy who was able to save $500 very sensibly did not go on and borrow the balance. Many of them saved the money but did not apply for the loan or advance.

Mr. NEILL: I did not just understand that statement. If I saved $500 and could get a grant of $500 in addition it would seem the part of wisdom to apply for it. The $500 given by the government was a grant, was it not?

Mr. GORDON: No, it was a loan. If it had not been a loan I am sure we would have had many applications.

Item agreed to.

DEPARTMENT OF MINES

Salaries and contingencies, $543,242.

Mr. MACKENZIE (Vancouver): Would the minister indicate the total amount of the premium paid to gold producers in Canada last year?

Hon. W. A. GORDON (Minister of Mines): That is peculiarly and particularly under the Department of Finance; the Department of Mines has nothing to do with it, but speaking quite offhand I would say the exchange paid on the gold production for the last twelve months would be in the neighbourhood of $6,000,000. I am not sure, but I could easily procure the exact figure.

Mr. NEILL: Is this the item under which we can discuss the coal bounties?

Mr. GORDON: No.

Mr. NEILL: I do not mean the actual bounties so much as the consideration of the importation of British coal into British Columbia. I imagine that might come under this vote.

Mr. GORDON: There is another item which deals with that subject.

Mr. NEILL: It would hardly deal with the importation of British coal into British Columbia, because that is not subsidized, but if the minister will allow that matter to be debated under the other item it will be quite all right.

Mr. GORDON: Certainly.

Mr. LAPOINTE: I notice that in the Department of Mines there is a gentleman known as an artist in vertebrate palaeontology. I would like to know what he does.

Mr. GORDON: He is a scientist whose time is engaged in the investigation of spineless creatures throughout Canada.

Mr. MACKENZIE (Vancouver): Is his attention confined to Tories?

Mr. GORDON: No, I believe there are cases in Quebec and around the foothills as well.

Mr. MACKENZIE KING: Then I see there is an assistant invertebrate palaeontologist. Would the minister tell us the difference between these two gentlemen?

Mr. GORDON: This gentleman assists the chief in that work.

Mr. MACKENZIE KING: But one is vertebrate and the other invertebrate.

Mr. GORDON: One has a spine and the other has not, and I think the right hon. gentleman probably will be able to identify the one without a spine.

Mr. MACKENZIE (Vancouver): In view of what the Prime Minister said the other day in regard to the tremendous importance of improving gold mining in Canada as a means of meeting the present crisis, does the department intend to assist prospectors in Ontario and northern Manitoba and British Columbia by airplane transportation and in other ways in order to open up new gold fields for production?

Mr. GORDON: The question of government assistance to prospectors in Canada has been raised in a number of quarters at various times. I am sure my hon. friend is acquainted in some measure with the difficulties that beset us in turning the attention of people unacquainted with prospecting into that line of activity by reason of the very work in which they would have to be engaged. Prospecting for precious metals is a vocation that lends itself to but a very small percentage of our population. To be a prospector a man must have certain traits of character in perfect combination — characteristics that are not found in people generally. He has to be fearless, with abundance of courage; he must have patience; he must be a canoe man, a bush man, an axe man, a cook, and he must know how to travel with confidence in all sorts of country.

Sir EUGENE FISET: A jack of all trades.

Mr. GORDON: Much more than that. He has to know something about geology. Altogether, if there is one vocation in Canada, or for that matter anywhere in the world, that calls for a combination of faculties that are keenly alive, it is the game of prospecting. You cannot allow your courage to ooze out in that game or you will get nowhere. I quite appreciate that since the beginning of time great difficulties have faced every prospector —and I mean the good prospector, not the arm chair fellow—in even getting grubstaked to go out and investigate possibilities. That is one of the discouragements associated with the effort, and even after he discovers some favourable ground that gives indications of valuable ore deposits he has only begun to meet the discouragements that are ahead of him, because he must be able to attract money in order to explore what he has found. There are so few who are able to measure up to the task that confronts the prospector that I greatly fear there would not be many who would be successful. Then there is the question of dealing with prospectors by way of assistance. I have thought it over a good deal and my own view is that the state had better keep out of that activity. I know the prospector about as well as anyone in this house and I know that he is a man who takes care of himself pretty well. He is not given to grumbling, and if the galleries in this chamber were full of prospectors I fancy there might

be some rather salty comments made upon some of the observations which we members of parliament utter at times. My own opinion now is, although I would not hesitate to give the matter further consideration, that this is an avenue which the state had better keep out of. If the state-aided prospector did find a gold mine or what afterwards developed into a mine, or if he found one of those rich little pockets where with a minimum of effort he captured from the ground say half a million dollars, how would you divide it? I think we should have a difficult time getting even the advance back. There are many barriers in the way of state-aided prospecting, and at the moment I would not favour it.

Mr. MACKENZIE (Vancouver): I agree in part with the minister, but I certainly must take exception to some of his remarks. In the first place, the government is aiding gold producers in Canada at the present time.

Mr. GORDON: In what way?

Mr. MACKENZIE (Vancouver): By paying a premium in exchange to gold producers.

Mr. GORDON: I disagree with the hon. member.

Mr. MACKENZIE (Vancouver): There are two arguments to be advanced. In the first place, if gold production is to be of fundamental importance in meeting our national crisis, then it should be encouraged in Canada. According to the Prime Minister's speech two or three days ago, the products of our gold fields were of great importance last year in helping to meet the situation, our gold production for that year having amounted to $63,000,000. My suggestion is this—and I am not putting it forward in any partisan sense but rather with the idea of being constructive. If gold is to remain the basis of our currency in Canada, although personally I am strongly of the other view, I would point out that the gold committee of the League of Nations at the Genoa conference in 1920 predicted a decline in gold production in 1934 in the world stocks of gold, and if gold is going to remain as the basis of our currency I suggest that instead of the various forms of relief which the government is supporting at the present time the state should lend some assistance to the producers in proven gold fields. I think it would be a wonderful thing to assist the prospectors who to-day are unemployed in Vancouver and other cities, of whom there are hundreds, not amateurs but tried prospectors. They could be sent out with help from the dominion; the government might provide them with four or five or six assistants and with a government engineer, if the department thought fit, so that they might go prospecting—that is, if the administration really believes that the accentuating of gold production values will be of benefit. Of course, if the administration does not believe in that, then my argument falls flat. At any rate, in the coming summer there is going to be a scurry in British Columbia to the gold mining prospects in the Cariboo and Bridge River country, and encouragement from the Department of Mines would be of great assistance to these men.

Mr. GORDON: Monetary assistance?

Sir EUGENE FISET: There is some wonderful nomenclature in these estimates; for instance, I see here an assistant invertebrate palaeontologist and there is also a process worker. What is that?

Mr. GORDON: That is in the photograph department.

Mr. REID: There is an item in connection with metallurgy. Is anything being done in regard to finding out the various grades of iron ore that are being produced?

Mr. GORDON: For many years the department has devoted a good deal of time to the investigation not only of various types of iron ore but of various processes by which it is said our low grade ores could be mined at a profit. It is only recently that an effort has been made to prove or disprove an invention which it is said can produce iron at a profit from such ores. Unfortunately the hopes of those who own the process were not borne out by investigations made by the Mines department. The government is always alive to the possibility of iron ores being found in Canada which can be converted by proper processes to the industrial uses for which they are intended, and in so far as finances will permit, the department will always be ready to make investigations with respect to such ores as may seem desirable in the premises.

Item agreed to.

Mines and geological survey—for administration of the Explosives Act (chapter 62, r.s. 1927), $10,000.

Mr. MACKENZIE (Vancouver): Will the minister explain this item?

Mr. GORDON: This item, which rarely changes from year to year, is to provide for the administration of the Explosives Act; under which the government is required to

regulate the manufacture, sale and to some extent the carriage of explosives, so that injury to the public or to those using them will not result.

Mr. REID: Were the three inspectors mentioned in the last vote connected with this item?

Mr. GORDON: Yes.

Mr. MACKENZIE (Vancouver): Has this anything to do with the government's policy of blasting?

Item agreed to.

Mines Branch—for investigation of mineral resources and deposits; of the mining and metallurgical industries, and of mineral technology; wages, expenses of testing and research laboratories, investigations by Dominion Fuel Board, including salaries and all other expenses, $215,000; for publications, English and French, purchase of books, instruments, miscellaneous assistance and contingencies, $35,000.

Mr. NEILL: This vote is to cover research and investigations by the Dominion Fuel Board and so on. Could the minister give the committee any information as to the activities of this board in developing new uses for coal? I may be doing the board an injustice, but I do not think its efforts have been outstanding in this connection. I would draw the attention of the minister to a statement which has appeared in certain British papers to the effect that a new colloidal fuel has been developed. This fuel is a mixture of approximately sixty per cent coal and forty per cent oil. It was thought that it would be of great value to Canada because it would provide a cheaper fuel than oil and could be produced from Canadian coal. The inventor predicts its use in power plants requiring an intense heat with the flexibility of oil fuel. There are a number of plants in this country that require an intense heat which does not go up and down such as coal heat. I would like to know if the fuel board has taken any notice of this development either by way of investigations of its own or in disseminating to the coal operators the results of the researches by the British and other governments and various universities. While I am on my feet I will ask the minister if his department is in possession of any information in connection with the use of oil developed entirely from coal. I notice that the British Admiralty has signed a contract with a company known as the Low Temperature Carbonization Limited, having factories in London and Yorkshire. It appears that the first bulk supply of this fuel is to be delivered to the destroyer Westminster and it is expected that the ordinary cruising range of this ship with ordinary petroleum will be increased by the use of the new fuel without any adjustment of the standard equipment. The coal industry in the west, and possibly also in the east, is in a desperate condition and it would appear to be the duty of the fuel board to investigate any developments along these lines. Any information I have in this regard has been derived from sources outside of Canada and I would like to know what the fuel board has been doing in connection with the two items I mentioned.

[Mr. Gordon.]

Mr. GORDON: The Dominion Fuel Board would have no connection with the matter to which the hon. member has referred. That board is purely administrative; its main work is in connection with the coal subventions, the determining of freight differentials and the allotment of competitive areas throughout Canada. The fuel testing division under the mines branch is constantly working on matters such as those mentioned by the hon. member. I have heard from the departmental officers of the fuel developed by a combination of oil and very fine coal, and I understand that British chemists have made considerable advances with this fuel. Of course we have the benefit of what they are doing, just as they have the benefit of our investigations. I am sure the hon. member would not suggest that there should be a duplication of effort along these lines. This division has many activities. It has to do with the testing of fuel from every standpoint. It has been able to convince some of the large coking plants in Canada that they could use Canadian coal in their coking processes, the result being an increase in the use of Canadian coal.

Mr. NEILL: The item reads:

For investigation of mineral resources and deposits; of the mining and metallurgical industries, and of mineral technology; wages, expenses of testing and research laboratories.

The minister now tells us that the main purpose of the fuel board is to cover the handling of the coal subventions.

Mr. GORDON: I am afraid the hon. member was not listening to me. I said that there is a fuel testing division, but that is only one of many divisions, and their activities are devoted to the research work to which I have made reference.

Mr. NEILL: I certainly understood the minister to say that the Dominion Fuel Board was mainly used for the purpose of carrying out the coal subventions.

Mr. GORDON: I said that the Dominion Fuel Board was concerned with the coal subventions in a purely administrative way, but the fuel testing division is a division under the mines branch.

Mr. NEILL: I would respectfully suggest that the work of administering the coal subventions could be better done by the Finance department if the work is so purely financial, if it is simply a matter of adjusting payments made under the subventions.

Mr. GORDON: It is not merely that.

Mr. NEILL: I am taking the minister's own word for it. However, we will let that go. In connection with the remarks I made a moment ago, I notice that a prominent engineer in Ottawa made a comment on this new colloidal oil development in Great Britain, so it would be possible to get some first hand information from a well known local engineer if the board was interested in the matter. It is not only necessary for the board or for the branch to inform itself on these matters, but the information should be given out to the coal operators or to the press, because information stored solely in the records of the department is not very valuable. I suggest that it should not be left to individuals or the press to make these things known; the board, and in a broad sense the department itself, should be the leader in giving out this information.

Mr. GORDON: As it is.

Mr. NEILL: Well, I took this information from the columns of the press. It was not put out by the department. Has the department any bulletin dealing with the subject of this new colloidal fuel or the development of the low temperature carbonization system?

Mr. GORDON: Obviously the hon. member has not read the annual report of the mines branch, which deals at great length with the subject to which he has made reference, including the advances which are being made in fuel oil and coal. The suggestion that we should set our course by some advice from an engineer who is in Ottawa is one to which I do not think I would care to subscribe. We get all the information concerning advances made by the British chemists through official, dependable channels, through the British Fuel Research Board, whose reports come in at regular intervals, and the information contained in them together with a fund of other information is included in the annual report of the Mines department. Wherever it seems that it would be helpful to our coal operators to receive such information, together with the results of our own investigations, that information is sent out.

Mr. NEILL: Would the minister be good enough to include my name on the mailing list so that I might be informed also?

Mr. GORDON: Certainly.

Item agreed to.

GEOLOGICAL SURVEY

For explorations, surveys and investigations, wages of explorers, topographers and others, $127,500.

For publication of English and French editions of reports, maps, illustrations, etc., $50,000.

For maintenance of offices and museum, expenses of special exhibitions pertaining to natural resources, purchase of instruments, chemicals, books of reference, miscellaneous assistance and contingencies, $42,500.

For museum equipment, $8,000.

For purchase of specimens, $1,000—Total, $229,000.

Mr. SANDERSON: Would the minister explain the increase of $3,780?

Mr. GORDON: The increase is in the item for publications. It was found that too great a reduction was made in this item last year, and that geological publications could not be printed with the amount provided. Hence the increase this year.

Mr. STEWART (Edmonton): Is the number of survey parties going out this year being reduced?

Mr. GORDON: I think the number of parties going out this year will be about thirty-four, a decrease of eight or ten from last year.

Item agreed to.

To provide for payments in connection with the movements of coal under conditions prescribed by the governor in council and for the cost of administration thereof, $2,000,000.

Mr. NEILL: This is the vote to which the minister referred a moment ago. I understood that it was provided under a former vote that the grant to the coal mines in British Columbia would be continued for another fiscal year. Is that correct?

Mr. GORDON: The order in council under which the subventions were established has not yet expired, but it is proposed to continue the subventions for another year if this vote passes the committee.

Mr. NEILL: That leads me to a discussion of the importations of coal into British Columbia from Great Britain. I regret that the departmental records do not seem to agree with each other. I have in my hand a letter from the minister's department saying that the importation of coal for the month of February was so much, but the figure does not agree with the records I get from the Department of National Revenue, and I take it that the Department of National Revenue is more likely to be correct because they actually collect the duty. The same thing occurred last year. I made a very definite statement as to the importations, and the minister contradicted my figures. He was perfectly sincere, but when we came down to analyze the thing we found that he was getting his figures from the Dominion Fuel Board and I was getting mine from the Department of National Revenue. They ought to agree, but they do not. It shows a little sloppy bookkeeping, that is all. However I want to deal with the importations of British bituminous coal into British Columbia. In the month of February last the imports were 2,244 tons, and in January 7,393 tons, making a total of 9,637 tons in two months. In previous years importations have been very small. In 1931 there were no importations and in 1932 only 1,100 tons. So it would appear that these importations are going up in a very marked degree, and it seems unfortunate when British Columbia coal production is going down.

I hold in my hand a record of production for the past month of February. The total production for Vancouver island in February of this year was 58,833 tons, against 75,787 for February 1932. That is a substantial reduction, running into nearly thirty per cent. The importation of British coal for the two months is equivalent to sixteen per cent of the production on Vancouver island for one month. We do not want to have our coal production cut down sixteen per cent, if we can possibly avoid it. I have no doubt the minister is familiar with the situation. I imagine it is the currency situation which enables coal to be brought out from England at practically ballast prices, and also in consideration of the British preferential arrangements which were made last summer.

Mr. GORDON: No, that is not the major feature. The major feature is the operation of the Coal Mines Act in Great Britain, and the low ocean freight rates through the Panama canal to Vancouver. Of course the factors the hon. member has mentioned are contributory.

[Mr. Gordon.]

Mr. NEILL: Does Britain subsidize her coal mining?

Mr. GORDON: Yes.

Mr. NEILL: Well then, that is unfair importation; what about our dumping duty? In January the minister said: "I cannot say for the moment just what steps may be contemplated to deal with the situation". But I suggest it is time some steps were taken. We cannot live in hopes of what is going to be done. I am not making my statement from a political standpoint at all. The minister may have observed that other hon. members from British Columbia and I have asked questions recently as to whether the Canadian National Railways purposed selling a large wharf they own in Vancouver harbour. It is well known that the suggestion is to sell it at a very low price. These are times when one can buy anything at a very small proportion of its cost. The suggestion is that a large importing company is going to buy the wharf with the buildings thereon for the purpose of establishing importations of British coal. The time to do anything towards checking such procedure is before an enormous investment is made, because if action is not taken immediately you are confronted with the necessity of dealing with vested interests. When we allow a trade to be built up, it is unfair to take steps to stop it after establishment. The time to act is before it reaches the stage of operation. When we are receiving 9,000 or 10,000 tons of coal in two months surely it is time for us to become alarmed, and especially when these importations are accompanied by heavy reductions in native coal production. I had hoped that the minister would take somewhat more drastic steps than simply to say the matter is before him. The matter may be before him two years from now.

While I am on my feet I should like to speak concerning another matter. In this connection I am not blaming his department. I notice that the importation of bituminous coal from the United States has increased enormously. In 1931 there were only 8,000 tons imported, in 1932, 5,000 tons, but in the month of February last alone, there were 2,413 tons. I cannot understand how it can be coming in in such increased volume, because we know the exchange situation makes it difficult for us to buy in the United States. If we are buying coal there, and they are competing with locally produced coal—

Mr. GORDON: Is that on the Pacific coast?

Mr. NEILL: Yes, into British Columbia. It is remarkable that the amount should be in-

creasing in such large proportions. I cannot understand it, in view of the fact that exchange is decidely against such a trade. However, that is only a matter of comment. I should like the minister to assure us that he is taking some definite step, and that he is not only voicing an expression of good will in dealing with the importation of British coal. The other day the government promised immediately to put into effect the provisions of section 4 of the New Zealand treaty, which promptly put a check upon the importation of large quantities of New Zealand butter. Now is the time for us to take steps, before our local trade is ruined—it is badly handicapped now—and by the application of dumping duties, or some other means, apply a remedy.

The minister has advised us that the coal comes through the Panama canal bearing practically no freight charges at all, or only those charges which would apply to ballast. Then, apparently under the British Coal Mines Act the British industry is subsidized by the government. I suggest some very active steps be taken in the immediate future. I should like to hear from the minister.

Mr. GORDON: Of course the importations from the United States to British Columbia are steadily reducing.

Mr. NEILL: On the Pacific coast?

Mr. GORDON: Yes; the figures before me would indicate that. In 1929, 30,535 tons were imported.

Mr. NEILL: Bituminous?

Mr. GORDON: Yes, lignite and bituminous.

Mr. NEILL: Ah.

Mr. GORDON: In 1930 there were 26,819 tons; in 1931, 8,685 tons; in 1932, 5,208 tons. I understand the coal is used as far north as Anyox and some in Vancouver. A small amount of British bituminous coal has been landed in Vancouver by way of the Panama canal. Up to December 31, 1932, there were 1,154 tons. During the last two months an additional amount has come in to the Pacific coast from Great Britain.

Mr. NEILL: How much was there in 1932?

Mr. GORDON: There were 1,154 tons. The matter of the importation of British bituminous coal has been before me, and I have been acting jointly and in cooperation with the coal operators on the St. Lawrence and on the western coast ever since the possibility of the importation of British bituminous in any large amounts became a threat to the future markets for the Nova Scotia and the far western coal mines. It is a subject that the coal operators themselves, who are closely in touch with the situation, recognize as presenting difficulties. Only yesterday I spent a couple of hours with the heads of mining companies both east and west looking into the whole situation, in the hope that we could find a solution which on the one hand would give the Canadian coal operators the home market, to which they think they are entitled,—and I do not disagree with them—and on the other hand refrain from placing on the consumer a burden which might in whole or in part be avoided. The question has not been so lightly regarded by me as the observations of the hon. member for Comox-Alberni (Mr. Neill) would seem to indicate. I am not unacquainted with the difficulties that confront Canadian coal operators both in the east and in the west. There has been a very commendable disposition on the part of coal consumers to go a considerable way in using Canadian fuels even if they cost more than foreign fuels. There is a zone in Canada which I think the coal producers both east and west recognize that they cannot hope to invade with any degree of success. With respect to other sections of the country, we are making gradual but sure progress in the displacement of foreign fuels by Canadian coals. There has been the growing competition of oil, which tends to reduce the production of coal. That is a question that the producers are alive to, and we have discussed it with reference to the amount and the nature of assistance that the government may be able to extend to coal operators. I can only say what I have said before, that we are making headway. If the consumption had not fallen off, the provision that the coal miners themselves made by reducing overhead and increasing efficiency, combined with the assistance the government gave them, would have taken care of their requirements two years ago. But the mild winter of the year before last, and other factors, reduced the consumption, and we were again confronted with the difficulty of keeping our coal miners at work. Foreign fuels are a constant threat to the Canadian market. Hon. members of the committee are aware of the steps that the government has taken in an endeavour to conserve that market for our own producers as far as we economically can. Those efforts we shall continue to make, working in harmony with the coal producers. There is no movement of fuels into Canada that does not come under

my review and is not discussed from time to time with the coal producers with the object of endeavouring to maintain those markets for Canadian producers. I am sure the hon. member must realize that the problem is a difficult and complex one. We have immense bodies of coal, but they are so located geographically that it is impossible to transport them economically in any considerable quantities into certain highly industrialized areas. There are markets that are available by reason of their geographical position, and in those markets, I am told by the coal producers, by the producers' own efforts and the assistance the department and this government can give them, we are displacing foreign fuels. The Winnipeg market is a striking instance, although foreign fuel has not been entirely supplanted there, and I doubt if it ever will be, having regard to various factors that enter into the question. At any rate I can assure the hon. member that the department has not overlooked any phase of this most complex question, and is working with the producers, endeavouring to lend such assistance as is justifiable.

Mr. NEILL: With one exception the figures the hon. minister has quoted do not agree with those I got over his own signature from the Mines department. However, the differences are not very great, so I will not go into it. But I must certainly take exception to his statement that the importations into British Columbia of bituminous coal from the United States are steadily decreasing. He surely did not get the proper figures.

Mr. GORDON: Bituminous and lignite—that is how we have them classified.

Mr. NEILL: Only 800 tons of lignite came in in 1933. The bituminous that came in 1932 was 5,176 tons in twelve months, and in the month of February last there were 2,413 tons. That is, almost half as much came in one month this year as in the whole of 1932.

Mr. GORDON: I was giving the years from 1929 to 1932.

Mr. NEILL: I have no figures prior to 1931. There is certainly a very disappointing increase in the present year. I do not know why the amount from Washington has increased and I do not think the minister is in any way to blame in that regard. But turning to the British coal, I must expect him to take full responsibility. I quite admit that the subject is difficult and complex, but it is not to be solved with sympathy, it is not to be solved by discussion, it has to be solved by action, definite action.

[Mr. Gordon.]

Mr. GORDON: What sort of action?

Mr. NEILL: Put the dumping duty on. Do what you would do if the Toronto manufacturers came crying to you—get some action. The minister said that only a small amount of British bituminous coal had come in. Of course the word small is comparative, but it is not a fair word under the circumstances. The amount that came in in 1932 was 1,154 tons—that is his own figure—and the amount that came in in the first two months of this year was practically 10,000 tons. I think those figures are occasion for some alarm—I got them from his own department. It is not a small amount when it is sixteen per cent of the output of the Vancouver mines for one month.

The minister told us he was glad to find that there was a disposition among coal consumers to pay more for the local product. But especially in these hard times—or in fact at any time—it is idle to appeal to the consumer on patriotic grounds to pay more than the market price. If he can buy cheaper somewhere else, especially in these hard times, when money is so scarce and every dollar has to be spread out to the utmost, he is not going to be willing to pay more than he has to. Any pressure of that kind has to be put on by the government in the way of taxation or bonus or dumping duty. He told us he was making progress with this problem. Yes, Mr. Chairman, we are making progress, but backward.

Mr. GORDON: The producers do not think so.

Mr. NEILL: It is not a matter of opinion. I would be quite willing to subordinate my judgment to that of the minister in a matter of opinion, but these are matters of cold, hard facts.

Mr. GORDON: I will leave it to the producers.

Mr. NEILL: The minister told us that the importation of bituminous coal from Great Britain in the year 1932 amounted to 1,154 tons, and he says that we are making progress now when we are importing almost 10,000 tons in two months. I do not know what kind of progress that is; it seems a retrograde movement to me, making haste backwards.

Then the minister introduced a feature that I had not commented upon; he said the consumption of coal, because of the hard times, was getting less. That makes the situation all the more acute, because I was not talking about the consumption but about the importation of coal. So if the importations are so

much greater and the consumption is so much less, it makes the situation even more acute than it was before. I suggest that it is about time we got away from expressions of sympathy, and saying, "We will have a conference about this." The law is there, and goodness knows we pay enough for the privilege of having it there. These dumping duties were imposed in 1930; they were going to protect the primary producer first, last and all the time, or at least that is what they were supposed to do. Now I am only asking that the law be invoked. I want some definite action; we should not wait until the house is burned down before considering what should be done about repairing the chimney in order to prevent a fire. Let us get some action before a trade is built up with a large vested interest which could not be thrown into the discard at a moment's notice without gross injustice. Do not let the Britisher get a footing in that market if you are not going to allow him to have it permanently. That is not just to him, and it will only interfere with our relations under these conference agreements, which are putting us in rather a ticklish situation in some respects. We do not want friction in the future with Great Britain; let us take action now. We can take action against New Zealand; we could take action against Great Britain if it were a question of shirts or something like that. Let us take action now, when it is a question of the livelihood of the coal miners of British Columbia.

Mr. SANDERSON: I should like the minister to explain the increase of $250,000 in this item.

Mr. NEILL: They are having sympathetic meetings.

Mr. GORDON: The hon. member for Comox-Alberni says we are having sympathetic meetings. Last year the hon. member adopted the same paternal attitude with respect to the coal producers on the west coast. Apparently his observations were noted by the producers of western Canada, and I received a communication from the largest producer out there saying in substance that he was very sorry that the hon. member for Comox-Alberni was interesting himself in this subject, and that he would get along a good deal better without the help of the hon. gentleman.

Mr. NEILL: Would the minister mention the name?

Mr. GORDON: It was Colonel Villiers. He is in the city now, and the hon. gentleman can interview him and verify what I say. I am sorry I have not the correspondence before me. The increase to which the hon. member for South Perth made reference has come about by reason of the increased movement under what are known as the coal subventions, and in large part by reason of the increase in the subventions themselves.

Mr. SANDERSON: Just for my own information could the minister give me the amount of anthracite coal imported from the United States into Ontario last year and this year?

Mr. GORDON: I am afraid that from the way these figures are tabulated I cannot give the complete picture. I can give the coal imported into what is known as the eastern zone. Apparently the trade has adopted certain zones for purposes of statistics; that is, they depend upon the laid down cost of the coal within a certain area.

Mr. SANDERSON: What comprises the eastern zone?

Mr. GORDON: It comprises that part of Ontario east of a line drawn between North Bay and Kingston. The importations of anthracite into that zone for the past four years were as follows:

	Tons
1929	303,132
1930	254,324
1931	187,210
1932	161,915

Mr. SANDERSON: Does that include the whole of Ontario?

Mr. GORDON: No.

Mr. SANDERSON: I do not want to delay the committee. If the minister has not the figures would he be good enough to obtain them for me?

Mr. GORDON: I should be glad to do so. The table is quite long and it would take some time to read it into the record, but I shall be glad to furnish the hon. member with a complete table showing the importations.

Mr. SANDERSON: That will be quite satisfactory.

Mr. MITCHELL: Some months ago an investigation was started into the importation of anthracite coal from Great Britain. I should like to ask the minister when we may expect to receive that report, and whether we will get it in time to discuss it on the floor of the house if that should be necessary.

Mr. GORDON: I believe that investigation will be concluded very shortly. It was not a simple matter, because I am beginning to learn that the coal business has many angles, and

I can easily understand that those conducting the inquiry had to go carefully into all the phases of the coal trade in eastern Canada. I hope, however, that the report will be ready perhaps within a week.

Mr. RALSTON: I would not want the coal producers and miners or the place which this great resource holds in our national life injured by my intervention in this debate, as the minister said was the case with the hon. member for Comox-Alberni. Surely a member is entitled to express his opinion without having it suggested that his intervention is going to be injurious to the cause he is upholding. I do not think the minister does himself justice; perhaps he did not quite intend to say what he did. Certainly it does not give one a very good impression to have it indicated that a man who consistently advocates assistance to this industry is doing it harm. One can only think that the people who come to the government must be extremely careful of the company they keep, otherwise they will probably have a deaf ear turned to them. In spite of that I want to suggest one or two things with regard to what the minister has said. He made one of his usual extremely unctuous speeches, if I may say so without being offensive. He used the most general language possible, and if "apple sauce" is a permissible parliamentary expression it may be used to characterize the hon. gentleman's remarks. Some of his expressions were that people had shown a "commendable disposition" towards the use of Canadian coal; that he is "not unacquainted" with the difficulties of the industry; that he is "not overlooking" this great industry; that the government is endeavouring to give such assistance as would be justifiable", and so on. Now that does not sound very much like the member of a government led by a gentleman who gave the undertakings which his leader did to the coal industry in 1930. All over the province of Nova Scotia and particularly in the coal districts we were told definitely that there would be a national fuel policy, and nothing comes of it but a statement in 1933 that the hon. gentleman is not overlooking the situation. I suggest that it is time for the minister either to, fish or to cut bait, to tell us either that he has a fuel policy or that he has not. In season and out of season I have done my best and stood abuse from this side of the house when I sat on the opposite side and was told that nothing was being done. I made no rash promises with regard to a national fuel policy, but endeavoured to do what seemed practicable and reasonable in connection with the industry; but this government

[Mr. Gordon.]

came along with an entirely new proposition, namely, that the coal and steel industry should be benefited to the extent of the $55,000,000 that was going to the United States instead of going to the benefit of the people of Cape Breton—money that should be kept on this side of the line; but what they were led to expect has not materialized.

With regard to the dumping duties to which the minister has referred to-night, and which I have no doubt have been discussed with him in the lobbies of the house and in his office in the last day or two, the exchange dumping duty, as I understand it, is applied to coal at a low invoice price. The exchange dumping duty is being figured on so many shillings per ton, so that the fewer the shillings the less the duty and the less the assistance to the Canadian coal industry. I should think that the minister would be able to indicate to us whether it is intended to change that. God knows I am not in favour of this sort of duties, but if that is to be the policy let us have it all round and not some half hearted administration of it. If you are going to have a duty on everything else, if you are going to have irritating restrictions everywhere and a barbed wire on top of the fence, let us have it in connection with coal also and when the invoice value on everything else is raised do not let coal come in at nine shillings and sixpence when it is costing fifteen shillings at the port in England, and only charge the exchange dumping duty on that lower price.

With regard to other methods of assistance, I say to the minister frankly that I conratulate him on the addition made to the maximum in connection with the freight subvention given to forwarding water-borne coal the year before last. But that does not appear to be producing the results which we were led to anticipate from all this talk about the national fuel policy. After so much talk about that policy my hon. friend should be able by this time, having been two years in power, to inform us either that he has some policy or that he has not.

Everyone knows that the coal situation is a difficult one; if it were not the coal industry would be in better shape to-day than it is. But it is because of these difficulties which my hon. friends opposite thought that they could solve that the industry is in such straits at the present time, and we feel that they should do something about it. If nothing can be done, then let the minister confess his inability in the matter.

I would ask the minister to go into some detail with respect to the assistance furnished

the industry, particularly in the east. May I put to him these five questions: 1. How much coal was carried by freight subvention from Nova Scotia to Montreal, all rail, last year? 2. How much coal was forwarded by rail, after it had come by water to Montreal? 3. How much coal was forwarded by water from Montreal to Toronto? 4. Is any extension of the fuel subvention area contemplated by the government this year? 5. Has the minister any additional proposals whereby he will promote assistance to the coal industry, particularly so far as the province of Nova Scotia is concerned?

These are things which the committee should know, and I submit that we should get along much better if the minister would tell us precisely what he intends to do to assist the industry. I do protest that it is scarcely the right thing for him to say that he is "aware of the difficulties," that he is "not overlooking" the industry, and that sort of thing. Instead of generalities, will the minister give us some definite information with regard to the eastern Canadian coal industry. Will he tell us what has been done during the last year and compare that with the year before.

Mr. GORDON: The total movement of coal from Nova Scotia last year was 711,589 tons, under the various subvention rates.

Mr. RALSTON: I should be glad if the minister would separate them.

Mr. GORDON: I will endeavour to do so, although the figures are not compiled in that way. The all-rail rate in 1932, under order in council P.C. 1048, covered a movement of 15,854 tons. Under order in council P.C. 539, which covers rail and water rate, the movement totalled 59,667 tons. Under order in council P.C. 1300, rail and water rate, there were 214,085 tons.

Mr. RALSTON: Is that coal coming by water to Montreal and then forwarded inland?

Mr. GORDON: That is the rail and water rate. Under order in council P.C. 1048, for 1932, there were 39,847 tons.

Mr. RALSTON: What is that?

Mr. GORDON: That is rail and water again.

Mr. RALSTON: We have to know the destination.

Mr. GORDON: That is to Montreal.

Mr. RALSTON: 39,000 tons rail and water under P.C.1048—there must be a mistake when the minister says that is to Montreal.

Mr. GORDON: That is water to Montreal and then rail—

Mr. RALSTON: Inland?

Mr. GORDON: Yes.

Mr. RALSTON: What is P.C. 1300—the same thing?

Mr. GORDON: P.C. 1300 preceded P.C. 1048.

Mr. RALSTON: It covers the same thing?

Mr. GORDON: The same thing. There were 74,196 tons under section 5 of P.C. 1048. Under section 6, there were 7,898 tons waterborne into Ontario through the canal system and then by rail to destination.

Mr. RALSTON: What is section 5?

Mr. GORDON: I believe section 5 is waterborne west of Montreal; some of that coal would reach as far as Toronto.

Mr. RALSTON: P.C. 1300 and P.C. 1048 seem to be the same thing.

Mr. GORDON: P.C. 1300 preceded P.C. 1048. Under section 7 of P.C. 1048 there were 93,135 tons. Under order in council P.C. 944, there were 152,074 tons.

Mr. RALSTON: What is that?

Mr. GORDON: That is coal for the Lasalle coking plant. If the hon. member desires, I will have a statement prepared covering all coal subventions.

Mr. RALSTON: What was the total for 1931?

Mr. GORDON: 349,767 tons.

Mr. RALSTON: How much coal subject to the subvention did the Canadian National Railways get?

Mr. GORDON: That would be under order in council P.C. 1048. No coal was purchased by the Canadian National with the exception of about 10,000 tons at Taschereau and Cochrane.

Mr. RALSTON: How much of the coal bought by the Canadian National Railways was subject to the subvention?

Mr. GORDON: 7,562 tons.

Mr. RALSTON: The minister has stated that approximately 711,000 tons have been moved through these subventions. This was the total movement after the minister's announcement in the house last year that he hoped to promote the movement of an additional million tons of coal. That was broadcast all over Nova Scotia and when I asked

the minister about it, he used the same figure in the house. That statement was advertised very broadly in the government newspapers and when we are all through we find that not only has there not been an additional million tons of coal moved but the total movement under the subventions is approximately seven hundred thousand tons. I think I was right when I suggested that the minister has not shown in practice any benefits to be derived from the national fuel policy.

Progress reported.

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

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Friday, March 31, 1933

The house met at three o'clock.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 60, for the relief of Auguste Burdayron.—Mr. Myers.

Bill No. 61, for the relief of Nora Tulloch Carr.—Mr. Bell (St. Antoine).

Bill No. 62, for the relief of Alberta Grace Wood.—Mr. Lawson.

Bill No. 63, for the relief of Hilda Nice Allen.—Mr. Bell (St. Antoine).

Bill No. 64, for the relief of Mary Louise Robinson Reid.—Mr. Bell (St. Antoine).

Bill No. 65, for the relief of Elizabth Bernstein Schmerling.—Mr. Lawson.

DUMPING DUTY ON TIMOTHY SEED

On the orders of the day:

Hon. CHARLES STEWART (West Edmonton): Mr. Speaker, I received a letter this morning from a western farmer inquiring if it is a fact that a recent order in council has been passed applying a dumping duty to the importation of timothy seed.

Hon. E. B. RYCKMAN (Minister of National Revenue): Mr. Speaker, a special value for duty was, at the request of the seed branch of the Department of Agriculture and supported by the deputy minister of that department, placed upon timothy seed. It was represented that a large amount of timothy seed was to be shipped into Canada. For those reasons the value for the duty was fixed. Upon further inquiry by the Department of Agriculture it was found that the situation was not as grave as was apprehended, and in those circumstances, having in the first place relied upon the Department of Agriculture, I relied in the second place upon that department, with the result that the fixation was removed.

INCOME TAX

PROPOSED FIVE PER CENT TAX ON INTEREST AND DIVIDEND PAYMENTS TO NON-RESIDENTS

On the orders of the day:

Hon E. N. RHODES (Minister of Finance): Mr. Speaker, with respect to certain phases of taxation proposals contained in the budget, there has arisen some misunderstanding.

I thought I had made it abundantly clear in the statement which I made in the house on the 29th instant, that it was not intended to tax interest on Dominion of Canada or Canadian National Railway guaranteed bonds paid to non-residents.

This exemption was granted because, while there is no doubt of the power of parliament to impose such a tax, as is done in the case of other countries, nevertheless misunderstanding might arise in the mind of the non-resident investor who had purchased dominion securities issued in his own country and payable in his own currency.

In view of the fact that other public bodies and many private corporations have issued and sold abroad securities payable in an external currency with either the implied or stated obligation to pay without deduction, it has now been decided to extend this exemption to all interest payable by any Canadian debtor to non-residents on obligations which by their terms are payable in a currency other than Canadian.

To summarize briefly in order that absolutely no misunderstanding may exist:

(1) The five per cent tax on non-residents does not apply to interest on any Dominion of Canada bonds or bonds guaranteed by the dominion.

(2) The five per cent tax on non-residents does not apply to interest on the obligation of any provincial, municipal, corporation or other debtor payable in a currency other than Canadian.

(3) The five per cent tax on non-residents does apply in the case of interest payable by Canadian debtors (other than the dominion) in Canadian funds and to all dividends.

(4) In the case of residents of Canada the tax of five per cent applies on interest or dividends paid by Canadian debtors and cashed in a currency at a premium over par of Canadian funds.

With respect to the requirement that all Canadian residents shall, on and after April 1, file ownership certificates when cashing coupons, I desire to say that suggestions of evasions have given the government some concern and I wish to announce that a special measure will be introduced immediately which will require that all taxpayers shall make a statutory declaration when filing their returns that all such interest has been included.

Hon. JAMES MALCOLM (North Bruce): May I ask the Minister of Finance (Mr. Rhodes) apropos of the remarks he has just made, what the situation will be when an American holding company, the stock of which is largely owned in Canada, receives its dividends on Canadian securities.

Mr. RHODES: I am sorry, I was interrupted and did not hear the first part of the question.

Mr. MALCOLM: I was asking the Minister of Finance how he was going to treat an American holding company which had among its securities large blocks of Canadian government bonds, when the stock of the holding company is owned by Canadians.

Mr. RHODES: I think the statement which I gave covers the question submitted by the hon. member for North Bruce (Mr. Malcolm) but if not, I will take it as a notice of question and give a succinct answer on Monday.

Mr. CASGRAIN: Would it be the intention of the government to go after persons who have not made in their returns a statement of the bonds they hold?

Mr. RHODES: Very much so. That is not only the object of the announcement made in the budget, and the provision now before the house for consideration in committee of ways and means, but also of the further announcement I made a moment ago with respect to amendment of the Income War Tax Act.

Mr. CASGRAIN: Will the government go after these people for the years in which they had not declared these bonds

Mr. RHODES: If they did not pay,—yes.

JUDGE RUTHERFORD

BAN PLACED BY RADIO COMMISSION ON SPEECHES THROUGH CANADIAN STATIONS

Mr. J. L. BROWN (Lisgar): Mr. Speaker, I wish to ask a question of the Minister of Marine (Mr. Duranleau). I have received a number of letters protesting against the action of the Radio Commission in banning Judge Rutherford's lectures. I may say most of the letters have been sympathetic towards Judge Rutherford, but to-day I received one from a friend who is not an admirer of Judge Rutherford's lectures, but who has frequently asked just what the situation is. I should like to know, myself, just what measure of responsibility, if any, the government has in the matter. I should like to know further, if in the event of placing a motion for the production of papers on the order paper, any documents could be had? Perhaps the Minister of Marine (Mr. Duranleau) would make a brief statement as to what the exact situation is.

Hon. ALFRED DURANLEAU: Mr. Speaker, I am not in a position to state exactly what the position is, since the ruling of the Radio Commission about Judge Rutherford's speeches. I will take this question as a notice and will give a more definite statement on Monday.

HUDSON BAY RAILWAY

EARLY OPENING OF ROUTE TO FACILITATE SHIPMENT OF CATTLE

On the orders of the day:

Mr. W. G. WEIR (Macdonald): I have under my hand a letter and also some newspaper editorial comments relating to the opening up in the coming summer of the Hudson bay route. These articles point out that there is prospect of a large number of cattle being shipped out by that route in the spring, and that ordinarily the N. B. McLean would go through to Churchill somewhere around the first of July, arriving about the 10th. The suggestion is made that if this boat could go in earlier and open up the route, a larger number of these cattle could go out. I wonder if the minister is in a position to state that he will look into the matter and if possible have the route opened up earlier and made available for the shipment of cattle.

Hon. R. J. MANION (Minister of Railways and Canals): In regard to opening the route earlier I am afraid that nature is in control. Last year there was an opportunity to ship out cattle, we were bombarded with

requests to put up pens and so on, which we did, but there were no cattle shipped. Every reasonable step will be taken by the government, in fact has been taken, to give opportunity for shipping out cattle, and I am sure that if the western people wish to ship them they will not find any particular obstacle.

TRAWLER LICENCES

On the orders of the day:

Mr. W. G. ERNST (Queens-Lunenburg): May I ask the hon. acting Minister of Fisheries (Mr. Duranleau) whether he is prepared to make an announcement of the government's policy with reference to licensing steam trawlers for the coming year?

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): I hope Mr. Speaker, that I shall be in a position to make a statement on Monday.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, March 28, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston.

Mr. W. H. GOLDING (South Huron): Mr. Speaker, just before the house closed on Tuesday evening I was going to point out that the Minister of Trade and Commerce (Mr. Stevens) in his speech had rather dared the members from the rural constituencies to vote against this budget. Now, Mr. Speaker, I do not approve of that line of debate, because I think we should all use our judgment on matters of this kind without any intimidation or coercion. In regard to the budget itself, certainly there are some things in it which are acceptable, and there are some which are in my view objectionable, and I would not think for a moment of swallowing it holus-bolus. I want to refer in a few words to our recent by-election held in South Huron.

An hon. MEMBER: Oh forget it!

Mr. GOLDING: During that campaign we had some rather peculiar appeals made by our Conservative friends. We had in the constituency five cabinet ministers. My hon. friend the Minister of Railways and Canals (Mr. Manion) told our people that this was no ordinary by-election, indeed he is quoted as having said that it was rather a plebiscite or referendum, and that the eyes of the whole world were on South Huron—

An hon. MEMBER: It sounds familiar.

Mr. GOLDING: —and that for the time being we were to forget politics and vote our approval of the empire treaties. I might say his audience was just a little curious to know how they were to forget politics, but the minister cleared that up by asking them to vote for the government candidate. The good old Tory way of forgetting politics—vote for the Tory candidate!

Mr. CASGRAIN: Tories are strong on that.

Mr. GOLDING: Then we had in addition to the Minister of Railways and Canals, the Minister of Trade and Commerce, the Minister of Labour (Mr. Gordon), and the Minister of National Defence (Mr. Sutherland). I want to say this, that they created a splendid impression in my constituency, they endeavoured to put their case fairly before our people from their point of view, they endeavoured to keep the debate on a high plane, and if they failed to secure the necessary votes to elect their candidate it was not due to any shortcoming on their part. I admire the debating abilities of these hon. gentlemen, and although we engaged in that contest there is no reason why we should not be the best of friends, and I want to tell them that I have every respect for them. However, we Liberals felt that if the government wanted to submit a plebiscite or referendum on this question that was quite all right, but we believed they were using the treaties as a screen to cover up the record of the government, and for that reason, as far as we were concerned, the fight was on. And by the way, I want to pay tribute here to my opponent in that campaign, who certainly conducted a good, clean fight.

The Minister of Trade and Commerce speaking in my home town made the statement that the greatest problem confronting the government at that time was the agricultural problem, and he endeavoured to point out that for that reason the house needed representatives who would be in a position to give expert advice. Now, sir, we absolutely agreed with the minister, that this government did need someone to give expert advice with regard to agriculture. But while we agreed to that we felt at the same time that it was rather a reflection on our late

member who, while he sat in this house, had endeavoured time after time to give expert advice, though needless to say that advice did not receive any consideration.

During that by-election every Conservative speaker endeavoured to paint glowing pictures of the benefits that would be derived from the empire treaties. A manifesto was issued by the Conservatve candidate setting forth how important these treaties were to our constituency but, Mr. Speaker, the Conservatives failed to tell our people that in order to secure the privileges of the British market the duties against foreign goods would be raised, and that the duties and taxes on even British goods would still prohibit those goods from entering Canada. I need hardly say that our people resent in no uncertain way the tariffs imposed by this government, which they feel are strangling trade and making it increasingly difficult for the basic producer even to exist. It is clear to all that we must have revenue, Mr. Speaker, and if tariffs are prohibitive that revenue must come from taxation, which adds to the cost of manufactured goods and of necessity adds to the price paid by the consumer.

Let me point out as emphatically as I can that the farmer is being absolutely crushed by the burden he is being called upon to bear. The manifesto to which I have already referred endeavoured to show how, as a result of these treaties, commodity prices had begun to soar, and at that time prices were a little higher; of course the treaties were given all the credit. But the electors refused to believe any new batch of promises. It was impossible to look into the faces of the electors of South Huron without realizing that they were in earnest and that they were in no mood to further entertain the glorious promises of things that were to be attained by high tariffs.

At the close of that campaign word went out, I do not know why, that a very light vote had been polled. The press was not responsible for that because I have personal knowledge that the newspaper men did their best to get the correct figures but were unable to do so. The statement was made that only about ten thousand votes were polled, and I want to give the figures to show how erroneous that statement was. In recent years the votes polled in that riding have been as follows:

	Progressives	Liberals	Conservatives	Total
1921	4,105	4,061	3,965	12,131
1925	1,680	4,947	4,694	11,321
1926	....	6,370	5,217	11,587
1930	....	6,176	5,827	12,003
1932	....	7,046	5,057	12,149

The vote during the by-election of 1932 was the largest vote polled in recent years. I submit these figures, Mr. Speaker, to show the interest taken in that by-election and also to show that our people desired to protest against the high tariff policy of this government. Since I have been in this house I have listened very closely to the discussions of the problems confronting the government.

Mr. SPEAKER: The hon. gentleman has spoken for forty minutes.

Mr. E. E. PERLEY (Qu'Appelle): Mr. Speaker, I can hardly be accused of having trespassed very much on the time of this house, but I should like to make a few observations with respect to the budget, dealing more particularly of course with those items having to do with agriculture.

First I should like to express my congratulations to the Minister of Finance (Mr. Rhodes) on the splendid way in which he presented the budget. Certainly it was a timely and very concise review of the whole financial situation of Canada as well as of the record of the government during the past year. I should hesitate to participate in the debate at this time, Mr. Speaker, if it were not for the fact that I represent an agricultural constituency in the province of Saskatchewan, and I consider it my duty to express to the government the appreciation and satisfaction with which the budget will be received in the constituency of Qu'Appelle.

I realize that it would be almost impossible to get unanimous agreement in this house on any matter of policy, but I think there are two or three points on which all hon. members should agree. When we consider the general situation to-day surely no one would expect the Minister of Finance to bring down a balanced budget. With existing world conditions, the uncertainty of trade, fluctuating prices, ever decreasing revenues and our fixed and uncontrollable expenditures, how could we have a balanced budget? In the next place I think no government since confederation has been faced with a situation more difficult or critical than that which has faced the present government. The Prime

Minister (Mr. Bennett) and his colleagues have had to make serious decisions, not after days of deliberation but on the spur of the moment, many of them affecting not only our national credit but the very life blood of our country. A wrong decision or a wrong step might easily have spelled disaster, but we on this side of the house believe the government have met every reasonable demand that has been made.

We expect reasonable and constructive criticism, Mr. Speaker, but beyond that I think we have a right to expect fairness and co-operation in dealing with a difficult situation. The depression has been world wide, but I think in some respects we can charge the late Liberal administration with some knowledge that the depression was coming on and with a failure to take any action to meet it. In proof of that I need only refer to the statement made by the late Sir Henry Thornton before the railway committee, I think in 1931. He said that as early as 1928 he had warned the government of the disaster that was coming, and he justified that statement by showing that the railway revenues were falling rapidly. That was in 1928. Then in 1929 we had what was known as the pork barrel year for the Canadian National Railways. In that connection I need only refer to the speech that was made by the present leader of the opposition in that year, in his famous five cents speech. What was that a reply to if it was not to a request for help from the western provinces to relieve the unemployment situation? I might also refer to the statement made by the Hon. Charles Dunning, in his final message to the Canadian people when he was leaving office. He said that it was their duty, realizing that the incoming government would have to deal with very serious problems in the most critical period in our history, to give the government their moral support. But what kind of support have we had, Mr. Speaker? We have had nothing but adverse criticism from the opposition, and the serious and critical situation in this country has been capitalized to destroy the morale of the Canadian people and their confidence in this government.

I wish now briefly to review some of the things which this government has done particularly for agriculture since taking office. In the first short session in 1930 two measures were introduced, the first granting $20,000,000 for unemployment relief, and the other dealing with some two hundred odd items in the tariff, being those items which the Prime Minister and his government believed would do most to correct the adverse trade balance at that time. I may say that that increase in the tariff had the desired result.

Then in 1931 we had a complete revision of the tariff, and after that revision the average percentage of increase in the whole tariff was only slightly more than under the regime of the Liberal party. True, there were many items in the tariff which received a considerable increase but, in the words of the Prime Minister at the time, this raising of the tariff was used as an instrument in the hands of the government to correct the unfavourable trade balance, and, Mr. Speaker, it had the desired result. Up to that time we had an unfavourable trade balance of $103,000,000, and I was pleased the other day, as I am sure were all hon. members of the house, to hear the Minister of Finance (Mr. Rhodes) and also the Minister of Trade and Commerce (Mr. Stevens) say that this year we shall have a favourable trade balance of some $70,000,000. What has that meant? It has meant that an unfavourable trade balance of $103,000,000 has been changed to a favourable trade balance of $70,000,000, or a change for the better of $173,000,000 odd. It has meant the difference between solvency and bankruptcy for this dominion.

In the budget brought down by the Prime Minister, then acting as Minister of Finance, in the session of 1931, the bonus of five cents a bushel for wheat was granted to the western farmer. I am particularly interested in that bonus as I was the first member of this house to move on the floor of this chamber for such a bonus to agriculture. I did so on April 13, previous to the bringing-down of that budget. When that proposal was brought down in the budget hon. members of the opposition, particularly those from the west, opposed it strenuously. But under that bonus, Mr. Speaker, the government has paid out some $12,000,000 to the people of the western provinces, and I would ask, when has any other government done such a splendid thing for agriculture in this country? The hon. member for Melville (Mr. Motherwell), speaking a day or two ago said that during that session the Liberals for two months less two days opposed the granting of that bonus, trying to show that it would go to the exporter or to the railway companies, and not to the farmer. That is not a correct statement, because it will be well within the memory of hon. members who were in the house at that time that after the Minister of Finance had brought down his budget, some two weeks

later he made it clear to the house and the country that the bonus would go direct to the farmer by a separate cheque.

Mr. MOTHERWELL: Quote your authority.

Mr. PERLEY (Qu'Appelle)): My authority is the Hansard of that year.

Mr. VALLANCE: Read it.

Mr. PERLEY (Qu'Appelle): The hon. member for Melville also stated that they had opposed the bonus strenuously. In that connection I should like to quote from the report of a speech made by the hon. member in Saskatoon on November 25, 1931. He is reported as follows:

> The five cent bonus on wheat was held by the speaker of no use to the farmer. Continuing, the hon. member recounted the fight put by the western members in the opposition to the five cent bonus on wheat, and added that they had had a hard time to convince the government that the bonus would not go to the exporter.

There never was any intention of the bonus going to the exporter or to the railway companies or to anyone but the western farmers, and at the very time my hon. friend was speaking he knew that the bonus had been paid for two and a half months to the farmers by separate cheque.

I would further remind the house of the guarantee which this government made to the wheat pool in Saskatchewan. This government guaranteed the sum of $15,000,000 to that great cooperative organization in Saskatchewan, and that sum has not yet been repaid, but it saved the organization from insolvency, and saved also the farmers of western Canada. The credit can go to no one but the Prime Minister and the government of Canada. That guarantee to the pool has saved the investment of thousands and thousands of farmers in the province of Saskatchewan who have an investment, small in some cases, it is true, but considerable in others, in each one of the twelve hundred elevators in the province.

It is also within the memory of this house what a strenuous time we had in the session of 1932 getting the relief measure through the house to grant seed to the farmers of Saskatchewan. That measure was held up for six long weeks and not until seeding time was upon us and the farmers required the seed was the government able, by the application of closure, to get the measure through this house in order to make the distribution of seed possible. That is something which the western farmers will never forget. They will never forget the obstruction of the opposition in this house to that measure.

Then again last fall we had this government coming forward and doing something for agriculture by supporting the wheat market. The grain trade and the western farmers in the fall of 1932 were faced with a very serious situation owing to the fall in the price of wheat, and the government, after consulting with all the interests concerned, the grain trade, the wheat pool and the banks and the premiers of the three prairie provinces, decided that the best thing to do was for this government to support the market. What has this meant? I need only refer hon. members to the statement made by Professor Swanston of Saskatchewan university. He is one of the leading economists and he stated that this action by the government averted a national calamity and saved the farmers of western Canada many millions of dollars. The hon. member for Shelburne-Yarmouth (Mr. Ralston) chooses to call it gambling, but call it what you will, it was the right thing for the government to do. In the very near future when this plan shows a handsome profit, hon. members opposite no doubt will want to know what we are going to do with the profits.

I come now to the Imperial economic conference agreements passed last October. What has been the result of these agreements? There has been a surprising increase in our export trade, so much so that Canada has attained fourth position in trade with Great Britain. During the first six months of the crop year 1931-32 our exports of wheat to Great Britain amounted to 66,705,000 bushels while for the same period in the crop year 1932-33, they amounted to 112,529,000, an increase of one hundred per cent. The increase in our exports of flour to Great Britain for the same period amounted to twenty per cent, while the increase in bran and shorts amounted to 645 per cent. Our exports of oats during the same period of 1931-32 totalled 5,153,000 bushels and in 1932-33 they had increased to 7,500,000 bushels, an increase of forty-five per cent. The increase in the exports of barley was from 68,000 bushels to 190,900 bushels, an increase of three hundred per cent. The exports of bacon for the first two months of 1931 amounted to only 120,000 pounds; for the first two months of 1933 they had increased to 4,264,624 pounds, an increase of some 3,450 per cent. Canada can increase her exports of bacon to the United Kingdom thirteen times before she reaches the limit of her quota.

The increase in the export of ham was 158 per cent. Because of the trade agreements the embargoes which previously existed against our cattle entering Great Britain have been removed. The result has been a revival in the exporting of cattle and it is quite possible that this year we will export 100,000 head of cattle. Such a movement would relieve the domestic market to a great extent.

I come now to another item in which I am particularly interested as it affects the province of Saskatchewan—poultry. The records show that for the last ten months of 1931 our exports of poultry amounted to 56,175 pounds while for the same period in 1932 they had increased to 1,203,000 pounds. A trial shipment of 800,000 pounds of dressed turkeys was made last December as an experiment under the new agreement. These turkeys were dressed by the individual farmers in Saskatchewan to government standards; each bird was tagged separately and they all graded very high. The farmer received an advance of eight cents per pound and those birds sold on the British market at the top price of thirty cents per pound. Under the adverse exchange of twenty-five per cent they netted the farmer nineteen cents per pound, but under the present rate of exchange and with the help of the agricultural stabilization plan a similar price would net the farmer twenty-four cents per pound. These birds were superior to the home grown British bird and sold at a premium sufficient to overcome the adverse exchange. In 1932 Great Britain imported 74,000,000 pounds of dressed turkeys, fifty per cent having come from Russia. The parties who went over in charge of this shipment returned with an order for 2,000,000 pounds of turkeys. The whole shipment came from Saskatchewan. While it has been known for many years that we produce the best wheat in the world, we now have the record for producing the best poultry. I hope that the report on this trial shipment will be distributed among the farmers of western Canada so that advantage may be taken this fall of similar shipments.

Mr. SPENCER: Alberta has taken more prizes in wheat than has Saskatchewan.

Mr. PERLEY (Qu'Appelle): They may have taken more, but Saskatchewan always takes the first.

I could refer to other primary products such as cheese, eggs, tobacco, apples and so on; I could refer also to the increase which has taken place in our export trade to countries other than Great Britain, but I have not the time available. Not only has the volume of exports increased but the value has increased even in the face of adverse exchange rates.

We come now to the budget. I was very much interested in hearing the Minister of Finance (Mr. Rhodes) announce the setting up of an agricultural stabilization fund. Such a fund will materially add to our advantages in the British market. In the case of a steer weighing 1,200 pounds it will mean practically another $10; it will mean two cents on every pound of bacon; it will mean eleven cents for every hundred pounds of milk used in the manufacture of cheese and it will mean three cents per pound on our poultry. The total results will mean a possible distribution this year of $10,000,000. For the information of the house, I would say that since the announcement of the budget the price of hogs on the Winnipeg market has increased very materially. Not only will we have the benefits from a possible distribution of $10,000,000 but there will be an added stabilization and support of the domestic market. Upon all occasions the opposition has opposed bonusing of any kind, but what do we find now? They are opposing this splendid arrangement because it is not applied to the export of all primary products. They know that that would be impossible as it would take $100,000,000. Where would the money come from? However, it would seem that at last they have been converted to the principle of bonusing. When we have this splendid arrangement, why do they not come forward and support it as they should. I challenge hon. members opposite from Saskatchewan to go back to their respective constituencies and explain why they oppose this budget.

Mr. VALLANCE: The trouble is that most of us, under the new redistribution, will not have constituencies to which to return.

Mr. PERLEY (Qu'Appelle): While the hon. member has one now, he would not have one anyway after the next election.

Mr. VALLANCE: I am willing to take a chance on that.

Mr. PERLEY (Qu'Appelle): They know wheat is enjoying, under the agreement, a preference of six cents in a sheltered market where it is agreed to take 150,000,000 bushels more, and it would be impossible to bonus wheat in a market where there is such a surplus.

Let me now deal with the subject of butter. True, it is not bonused, but the reason is that our production of it is not on an export basis, and I am surprised to hear

the hon. member for Melville (Mr. Motherwell) even mention the word "butter," that cheap spread, as I think he called it in his speech; I think that was the term he used. He knows the government have had many decisions to make and have been confronted with many difficulties in prohibiting the importation of butter in order to preserve the home market for our producers. I have been reviewing Hansard and I find that during 1923, when the hon. member was Minister of Agriculture, he introduced an amendment to the Dairy Industry Act, as reported on page 4251 of Hansard of that year, to provide for the importation of renovated butter. Now, everyone knows what renovated butter is—

Mr. MOTHERWELL: I never did.

Mr. PERLEY (Qu'Appelle): It is butter that is tainted, mouldy and not eatable. After it goes through a certain process by the use of chemicals, it is called "renovated," and the hon. member wanted that to be permitted to be imported to compete against butter produced by our own dairymen. What a wonderful gesture in favour of agriculture!

Mr. MOTHERWELL: Better than oleomargarine.

Mr. PERLEY (Qu'Appelle): We all remember how for six weeks during last October and November hon. gentlemen opposite wailed about the adverse exchange; they admitted that the agreements were all right, but, oh, they would be nullified by the exchange! Well, we see the effect of the agreements in the increase in our trade, and now when the government has made provision for correcting the exchange, why do hon. gentlemen opposite not support it?

This budget will do much for agriculture. It certainly will encourage the farmers of Saskatchewan and of western Canada generally to change their system from simply grain growing to more diversified farming. This will mean that millions of acres fewer will be seeded to wheat; it will help in the disposition of our surplus and it will, as I say, encourage our farmers to go into a better system of farming. For the information of hon. members I might say that Saskatchewan's capacity to multiply her production and to produce new wealth is practically unlimited. In view of the fact that in western Canada in ten years we produced $6,000,000,000 of new wealth, I venture to say that if we have normal climatic conditions—and that is all we need—we can repeat the production. That time will come and we shall be on the spot to take advantage of it. The government expects, and reasonably so, and I believe the people of Canada expect, that our business men and agriculturists will develop our export trade. Under these favourable treaties we have made, we have an opportunity such as we never had before. Increased export trade, to my mind—and I think I reason correctly—means an increased domestic market, and an increased export price means an increase in the price of commodities for domestic consumption. As I understand the matter, this is the purpose of the establishment of a fund to stabilize the exchange in connection with the export of our primary products. This was the purpose announced by the Prime Miinster (Mr. Bennett) a short time ago and I know the government will see to it that the benefit will accrue to the farmer. That is what they did with respect to the five cent bonus on wheat and they will see to it that the same thing occurs in this instance.

I wish to refer briefly to the speech of the Prime Minister on reciprocity or, rather, on the resolution of the hon. member for Antigonish-Guysborough (Mr. Duff). Our leader gave a splendid and timely review of the whole situation in Canada, going back to before confederation, and discussing the policies of the different parties in regard to reciprocity. I was pleased to note that the great Conservative party had stood foursquare on the question ever since that time. I was also particularly pleased and the people of the dominion were pleased, if I may judge from the many favourable resolutions and comments I have received from my constituents in regard to that speech, to hear the Prime Minister announce that he and his government are prepared at any time to receive any reasonable, fair, equitable proposition from the United States. When the time comes that the president of that great republic makes a gesture toward Canada in the way of a trade agreement, the people of Saskatchewan, yes, of Canada, I think, want our leader (Mr. Bennett) to be the man to negotiate that treaty. I am sure they will not want the leader of the opposition (Mr. Mackenzie King) with his policy of fear, trembling and conciliatory approach. I could quote from his budget speech as reported on page 1403 of Hansard of 1929, when he made a statement to the effect that they would not increase the tariff against the United States for fear of retaliation and would not dare to increase the British preference for fear such action might be misunderstood. That was certainly the philosophy of the do-nothing politician. I have under my hand the report

of a speech made a few days ago by a leading statesman in the United States when he was speaking with respect to trade with Canada. He said that the United States could no longer treat Canada as a bully treats a small boy; that Canada now had as prime minister, a businessman, a man of ability, and one who had the courage of his convictions. They respected our Prime Minister.

I want to refer briefly to a very important announcement made by the Minister of Finance (Mr. Rhodes) to the effect that the government proposes to appoint a royal commission to investigate the whole question of our banking and monetary system. That is a timely announcement by the government and I trust the Prime Minister will be as fortunate in choosing the members of that commission as he has been in laying his hands on the right men for the other commissions that have been appointed.

During the summer there is no doubt that the world monetary conference will be held. I trust our prime minister will be able to attend it and that there some international standard of exchange may be set up, because that is what we need. I hope also at that conference the delegates may have occasion to discuss the question of the revaluation of gold, because in that way something might be accomplished to help materially to solve our financial problem. I am sorry my time is so limited that I cannot speak with respect to the inflation policy about which we have heard so much from the C.C.F. corner of the house. It certainly is not sound, and all I can propose to do is to consider it from a standpoint of what has happened in those countries which have tried it, namely Germany, Russia and some others.

Australia is practically the only country to which hon. members opposite now wish to refer, and I say that in some of their comparisons they are very unfair. I find on looking up trade statistics and comparing Australia and Canada that under the two systems obtaining in these countries during the past six months Canada sold 55 per cent more wheat while Australia, during the same period, sold 32 per cent less wheat. Comparing the prices obtaining in the two countries we find that on March 14 this year sixty pounds of wheat at the Australian seaboard was worth only 32 or 33 cents, while Canadian farmers were receiving net at Fort William 35 cents. So, while prices are very low, I admit, I do suggest that we are in the more favourable position.

I contend the Minister of Trade and Commerce so completely answered the argument of the hon. member for Shelburne-Yarmouth that it is hardly necessary for me to proceed further in that connection. I think we will agree the budget gives a complete statement of revenues and expenditures. It sets out the many fixed charges we cannot get away from, and deals particularly with railway deficits. At this session the railway problem is certainly being grappled with by the House of Commons and the government. And at this point I should like to mention the matter of freight rates, and to express my appreciation of the splendid support the Minister of Railways and Canals is giving us, and of the fact that he made it possible this year to have a reduction of some fifty per cent in the differential as between domestic and export rates in western Canada. Ever since coming to this house I have been associated with that problem, and on every occasion I have endeavoured to support a reduction in the rates. Having due regard to the difficult situation in which railway companies find themselves to-day I say the reduction is a grand gesture on their part.

In the budget address the Minister of Finance spoke concerning certain public economies. There are many ways in which we can economize, and in connection with which preparations are being made for economies. However, I say that this action should have been taken between the years 1926 and 1930. That was the time when our public accounts, public expenditures and public debt increased by leaps and bounds. That was the year when public economies should have been put into effect. Of course under present conditions it is necessary to increase our taxes in order to provide funds with which to carry on. There have been many increases but I believe hon. members will agree that in nearly every instance the tax has been imposed against those people best able to bear it. There are certain nuisance taxes, such as those on stamps, and postal notes, which are employed at all times by any and all governments facing emergencies.

In conclusion I wish to protest against certain attacks which have been made upon the province of Saskatchewan, and upon this government for the assistance it has given to that province. I refer particularly to the attack made by the hon. member for Quebec South (Mr. Power). I think his attack was certainly uncalled for, but the hon. member is noted for making similar attacks. When he speaks, as we know he does, for an important wing of the Liberal party, his state-

ments will not soon be forgotten in the province of Saskatchewan. I admit that province has had difficult and trying times, but with the experience of the past five years and the indomitable courage of our ancestors, we will pull through. I venture to say that under normal circumstances, and normal climatic conditions, within the next ten years Saskatchewan will make an even greater contribution to the export trade of Canada and to the earnings of our railway companies than any other province in the dominion.

These are critical days for governments and nations. Giants of industry and of finance, along with great statesmen, have broken under the load. And when the history of this period of our national life is written, the members of this government will rank high and the name of the Prime Minister will be recorded as that of the greatest statesman of his time within the empire.

Mr. J. R. HURTUBISE (Nipissing): Mr. Speaker, I do not purpose to go into a discussion of the financial situation of our country, because I do not pretend to be a financial critic. However after following the debates in the house and considering the downward trend of our financial situation I feel it my duty to make a few observations and express my sincere opinion. I hope no hon. member will suggest that my statements will be prejudiced or biased in any way.

At the outset may I follow the example of hon. members who have preceded me and congratulate the hon. Minister of Finance (Mr. Rhodes) upon the able manner in which he delivered his budget speech. I fully appreciate the work and worry it involved. May I also congratulate the hon. member for Shelburne-Yarmouth (Mr. Ralston) upon the masterly way in which he replied to the budget speech. My further congratulations would be extended to the hon. member for South Huron (Mr. Golding) who in his maiden speech acquitted himself so well. Even with my years of experience I do not believe I could hope to do as well.

My remarks may appear obvious, but sometimes in life we do not see the things that are staring at us and within our grasp because of the allurement of distant attractions or because of our entanglement with matters foreign to our needs and ideals. Economically our country is in the most critical situation of its history. The situation is such that no time should be lost in arguing utopian theories which have been offered to the world, put into practice from time to time in different countries and discarded as inefficient. To-day we have reached the point where privileges to special interests should be set aside and forgotten. Let us turn our minds to governmental measures and regulations which will ensure to our country liberty, security and progress.

I hope those who have satisfied themselves as to the impracticability of their doctrines and policies will prove their good statesmanship by discarding those policies and adopting radical measures which will be for the good of the country as a whole. To accomplish anything we have to be broad enough to admit our mistakes. Much has been said about capitalism. My submission is that the capitalistic system has given a great impetus to modern progress. However it has brought with it great abuses which are the cause of our being on the verge of a catastrophe. Our aim should be not to do away with such a system, but to correct its defects and avoid future disasters.

Our main duty should be to face our obligations and to honour them. But to-day we are working under a great handicap. The world is so fettered with war debts that its capacity to pay is crippled. The productive capacity of nations and individuals has been overtaxed, and unless some concession is made we are close to a general breakdown the effect of which cannot be imagined. I hope that at the world economic conference to be held in London there will be enough men of courage and Christian spirit to bring about an economic disarmament which will release international trade, promote sympathy and co-operation between the nations, and rid the world of this exclusive and bigoted nationalism. In our country we have come to the time when we cannot borrow any more money, and we wonder if we will be able to pay our interest and amortize our debt as it stands. For some years past, for each $100 we spent we had to borrow $34 and add it to our debt. This cannot continue. Great Britain was faced with the same situation but she took means to get out of the impasse and to-day she is in a very satisfactory condition compared to other nations of the world.

I do not believe that all the schemes advocated lately will cure our present financial difficulties; neither inflation, reflation, technocracy, socialization, confiscation of capital, nor "cooptisation," will replace a well balanced and controlled capitalistic system. I am convinced that the state can and should prevent the concentration of wealth and potential

wealth in the hands of a few, and thereby control the sources of credit of the country. We should never have permitted the creation of fictitious capital and the watering of stocks with the support of the banks. It has drained the savings of the public, who have been fooled under the paternal eye of the state, and to-day when the state wants to float a loan it finds the "bas de laine" empty, and instead of being helped out of the crisis by its citizens it is faced with the obligation of helping those same citizens on whom it had relied. I hope the lesson will make the state wiser in the future. We have come to a point where the positions of the different governments, federal, provincial or municipal, should be well-defined. The present government, which did not want to meddle with provincial or municipal affairs, has so meddled with them, has promised so many things before, during and after election, that we have a situation now where everybody is leaning on it for support. The federal government should keep out of purely provincial and municipal matters, withdraw from business enterprises, and adhere to functions of purely legislative and regulatory nature. If the provinces want to go into public ownership, old age pensions, mothers' allowances, accident insurance and highway construction, let them do so, but the federal government should be wise enough to keep to its constitutional functions.

I listened with great interest to the debate on the resolution of the hon. Minister of Labour (Mr. Gordon) to renew the Relief Act of 1932 as amended. I have much sympathy with the minister in his task of dealing with unemployment. The other evening when he and the hon. Minister of Trade and Commerce (Mr. Stevens) were pleading for cooperation and sympathy I could have told them they already had mine, because I believe that with the methods employed to-day, that is since 1930, they have only been experimenting, and instead of making progress they have become engulfed. They have been marking time, not adopting any measure of a national, practical or curative nature. They have only used palliative measures. In their ambition to implement their promises to end unemployment, "in giving work instead of conferences," they have forgotten that the situation is national in character, that the machine will never be able to reabsorb the hands which it has discarded, that this situation is likely to last for a longer period than might be expected, that some national policy such as suggested by my right hon. leader (Mr. Mackenzie King) will have to be adopted. There is still time

to adopt such a measure, to call to the help of the government the best and most competent minds of the provinces and the dominion, and to make a classification of the unemployed as suggested by my hon. friend the member for Témiscouata (Mr. Pouliot), that is of common labourers, technical workers, farm hands, trades and professions. Then the government could prepare a proper program; and not deal with the matter in a haphazard way, giving to provinces and municipalities money over which it has no control, and which often is unwisely spent and sometimes misappropriated. Up to now we have spent $123,000,000 for which we have to be taxed, and which has not ameliorated the general condition one iota.

The only part in the Minister of Labour's program which I believe is sound and national in character is the back to the land movement, to which he has given special attention and upon which I sincerely congratulate him. In that I am with him 100 per cent. For two years I have cooperated with the municipal and provincial representatives, and I am glad to say that in my district we have succeeded very well. As long as it is handled by people who have at heart the success of the plan, and who are not primarily interested in keeping an easy job, it will be a success, and will be a great help to redistribute our population on its normal basis.

Some may say: What is the use of putting people on farms when so many are now being dispossessed by foreclosures caused by the heavy burden of taxation and the lack of protection by legislation? This brings me to the farming situation. I believe agriculture is our main industry. I repeat what I said last year; a country with a prosperous agricultural population is a prosperous country. But what chance has the farmer had in recent years? He has been one of those who suffered most from the application of the Conservative policies these last three years. By reason of a narrow national and imperial trade policy the doors of the markets of the world have been slammed in his face, and to-day he can only dispose of a small portion of his products, for which nevertheless this government takes great credit.

Seeing the great malaise in the agricultural community the government has proposed a stabilization fund. Already the press has proclaimed the great benefits that will accrue to the farmer. But wait for the boomerang from this legislation as a result of its discriminatory character.

An hon. MEMBER: It has started already.

Mr. HURTUBISE: Yes. I do not believe in bonusing any particular class of products. There will be criticism and demands from those whose special products are omitted, and retaliation from nations exporting those bonused products. This will not cure the agricultural situation; what we need is a change in our fiscal and trade policies. In the meantime, before we have a change of government and before the farmers all become bankrupt, why not give the farmer the same guarantee against bankruptcy that has been given all other large financial institutions? We have seen the government taking great care to protect Canadian National bondholders and making loans to the Canadian Pacific Railway; in 1930, 1931 and 1932, guarantees were given the wheat pool, and there have been guarantees given with regard to the Manitoba savings bank, the Beauharnois project and the government of Newfoundland. These make up the huge total of $3,714,663,000. What has the farmer and small urban proprietor received by way of protection? They have been given nothing, though they are the people who will have to pay a great part of these taxes.

How long are we to have this class legislation? How long will the farmer and small proprietor be burdened with taxes which are more than they can bear? This budget is a discrimination against those least able to pay. The exemptions under the income tax are reduced from $2,400 to $2,000, and from $1,200 to $1,000, while the exemption for a dependent child is reduced from $500 to $400. Incomes of $2,500 will pay $15 instead of $2, which is an increase of 650 per cent; incomes of $50,000 will pay $10,069 instead of $8,962.80, which is an increase of only 14 per cent. This is the way in which those least able to pay are affected.

How are the veterans affected by this budget? During the course of his speech the Minister of Finance said:

> —pensioners who are in the employ of the government and who are paid the salary of the position, action will be taken whereby the payment of pension will be suspended during the period of such employment.

The next day I received telegrams of protest from the various veterans' organizations in my district, and the newspapers throughout Canada reported similar protests from all over the country. I hope the government will reconsider this action, which is a breach of contract. Many veterans are holding their jobs because they are partially disabled; they would not be there if they could do a normal man's work. I believe that already the veteran has made a great contribution to our country, and if we cannot compensate him for his sacrifice at least he should not be further taxed.

Now what about excise taxes, Mr. Speaker? Refined sugar is taxed 2 cents a pound or $2 per hundred pounds; unfermented wort is taxed 25 cents a gallon, malt syrup to 50 cents a pound, malt powder 50 cents a pound; all cheques, bank receipts, money orders, travellers cheques and post office money orders to an amount of less than $5, with the exception of creamery cheques, which formerly were exempt, are now taxed; on postal notes we must pay 3 cents instead of one cent, and on matches in small packages there is a tax of three-twentieths of a cent. The sales tax, which in 1930 was one per cent, was increased to six per cent in 1932 and remains at that figure. In this way those least able to pay are affected.

What about the customs tariff? I do not want to say very much on this subject, because there will be other occasions to discuss the items affected by the Imperial conference and the new schedule. Let me say, however, that considering the downward trend of our financial situation I believe the time has come when this government should stop and start again on fundamental, national and constructive policies. They should not keep coaxing the people of Canada to wait in the hope that matters will adjust themselves. In 1930 we were told to wait until the government machine got working, and we waited though we were promised during the election campaign that we would have better times in a few days. In 1930 we were told also to wait until after the Imperial conference, and we waited. In 1931 we were told to wait for the revision of the tariff, and we waited. In 1932 we were told to wait for the effects of the Ottawa conference, and we waited. Now in 1933 we are told to wait for the world economic conference, and we are waiting. I wonder, however, if the people of Canada will wait indefinitely; I am afraid they will not.

Mr. POULIOT: We do not need waiters; we need statesmen.

Mr. HURTUBISE: In conclusion, Mr. Speaker, let me say that we are told to have patience and courage, and I believe the people of Canada should be congratulated on their manifestation of both during the last few years. They are still patient and courageous, not because they still hope for the success of

the present administration but because they have a great and resourceful country, and because soon they will be given a chance to put in an administration which will change this policy of blocking and stifling trade and give us another era of prosperity through Liberal administration and freedom of trade.

Mr. ERRICK F. WILLIS (Souris): Mr. Speaker (Mr. Stewart, Lethbridge), may I compliment you personally upon your recent elevation to your present position.

General depression has always been the greatest election general of opposition forces. It rides upon the worries of the people and creates a condition in which few arguments are necessary in order to show the superiority of those in opposition over those on the government benches. General depression has conquered practically all of the governments of the world; his four horsemen, hysteria, anxiety, worry and gloom, ride fearlessly throughout the country, complete masters of public opinion.

In the province of Manitoba those who are opposed to the present government have built up a body of public opinion which is quite ready to blame the present administration for the lack of rain from the skies, for grasshoppers on the face of the earth and for the lack of moisture beneath the earth. Matters which five years ago would not have been considered by the most vivid imagination, in its most fertile moments, to be connected with the federal administration even by radio, now are said to come under its control and mismanagement. But to those fair minded individuals who are still willing to listen, to read and to judge by the facts I desire to address myself.

It will not be sufficient for my present purpose to indicate that the party which is now seeking power is the party that in 1929 and 1930, facing a rising depression, was unwilling or unable to do anything to save the country from the throes of distress. Neither will it be sufficient for my purpose to indicate that this country of ours has weathered the storm better than any country in the world, according to the admission of the right hon. leader of the opposition (Mr. Mackenzie King). Rather will it be my purpose to indicate the efforts which have been made by this administration for the purpose of alleviating the distress of agriculture. I should like to refer firstly to those measures which have been taken to aid the wheat growers of this country.

First, there have been sent out to the different trade centres throughout the world

trade commissioners and assistant trade commissioners in order to help sell our wheat.

Secondly, it may be pointed out that for the ten months ending January 31, 1933, we have sold 34,000,000 more bushels of wheat than we did in the same ten months ending January 31, 1932.

Thirdly, it may also be of interest to note that for the first time in the history of this country we have had a government which recognized the difficulties of the western farmer by making an adjustment as between east and west whereby the western farmer got a bonus of five cents a bushel on his wheat, which has meant the payment to the farmers of western Canada of a sum of $12,706,000. This has been the first government to recognize that necessity. May I say to those farmers who happened not to have any crop that whether they receive part of this money or not, the benefit was felt throughout western Canada.

Fourthly, I should like to refer to the question of freight rates because I recall that in my campaign of 1930 I lost literally hundreds of votes because those opposed to me at that time declared that if the Conservatives were elected to power there would never be Crowsnest rates allowed on the Hudson Bay railway. But one of the first things which this government did on coming to power was to give us the Crowsnest rates on that route.

Fifthly, I should refer to the fact that under the Imperial conference agreements we receive a six cents a bushel preference on our wheat, due to the imposition of a duty of six cents a bushel on wheat entering Great Britain from other countries. Of course, we have to sell our wheat at the world price. The benefit of this preference was brought vividly to my attention when I happened not very long ago to be in Fort William, where I saw beside an elevator the grain vessel, Le Moyne, with a capacity of 600,000 bushels of grain. If that grain vessel had been from Russia, before it could have been unloaded in Great Britain it would have had to pay a duty of $36,000, but if it were loaded with grain from Canada it would have to pay nothing at all.

Sixthly, I should refer to those measures which this government has taken to support the wheat pools of western Canada, and thereby support the general price, and lastly, I should refer to the measures which have been taken to support the market itself.

Contrasted with those policies let me indicate what was the policy of the previous administration as we have it from the lips of

the then Minister of Trade and Commerce (Mr. Malcolm), who at page 948 of Hansard of March 14, 1929, said:

> The Department of Trade and Commerce is not exercised over the sale of such commodities as wheat, because those commodities find their own markets, but we are interested in assisting the sale of manufactured products.

And that from the party which is being painted in western Canada as being the only one to help agriculture, and as not being tied up with the moneyed interests.

I should also like to quote what the ex-Minister of Justice (Mr. Lapointe) said when he was speaking at a meeting in Quebec, as reported in Le Soleil of August 8, 1931. The translation is as follows:

> What can be said of those who have just voted $15,000,000 to give a wheat bonus to western farmers, whilst they did not give anything to our farmers, who cannot sell their butter? Is this not sectional politics?
>
> Yet our Quebec (Conservative) representatives have swallowed these insults. It is what they deserve to punish them for all they have said against us.

Let me quote also the words of another member of the government of that time, the ex-Minister of Marine (Mr. Cardin), who, with the ex-Minister of Justice and the ex-Minister of Trade and Commerce can be counted upon, I think, as being certain cabinet members of any government of the Liberal party which may come into force in this country. As reported in the Montreal Gazette of June 18, 1932, he said, in part, as follows:

> What is happening to-day as regards Port Churchill? We have Hon. Dr. Manion acting like a beggar in the street, begging people to ship some grain over the Hudson Bay railway to Port Churchill. So eager is he to get some grain there that he is offering free elevators, a cut in railway rates, and also a bonus to compensate for the higher insurance rates out of Port Churchill. That is what the Bennett government is ready to do. Sane merchants doing a regular, reasonable business in grain do not want to send their grain through Port Churchill at the present time, and Dr. Manion is running around begging them to do so, and saying that the government will pay. That means that we will all be taxed to meet the promises of partisans who have involved themselves in a chimerical project.

May I indicate the situation in which we were placed by the previous administration in regard to tariffs, and this I think will prove conclusively that at the time we took office the markets of the world had already been closed to our wheat. The duties placed against our wheat as of August 1, 1930, when the Mackenzie King government was still in power, by some of the countries of the world were, to mention but a few:

	Cents per bushel
Italy	86
France	85
Germany	97
Greece	56
United States	42
Japan	34

Those were the tariffs placed against our grain and the then government did nothing.

Let me turn now to the question of live stock in this country and indicate what the policies of this government have been. First, there was the sire policy, which has meant the improvement of live stock throughout this country. Then there were trial shipments sent to the old country in order that they might see the quality of our Canadian live stock. We had also feeding experiments carried on by the Department of Agriculture which demonstrated that you could then market home grain by feeding it to live stock at an increase in price of some 36 cents a bushel.

Then under the Imperial conference agreements we received concessions in regard to live stock which we had not enjoyed for some thirty-seven years previously. Canadian cattle exporters are placed on an equal footing with their competitors in the British market for the first time in thirty-seven years. The segregation of store cattle from fat cattle moving on export is no longer required, and fattened store cattle are allowed to move freely to inland points in Great Britain. The old policy of branding the cattle on the cheek on arrival is no longer required, nor is it now necessary for a veterinary officer to accompany the cattle on the ocean voyage. The period of quarantine has also been reduced to one clear day.

Again, in the budget which has just been brought down we have the stabilization proposal which has been made by the Minister of Finance. May I quote his exact words on that subject, which will be found at page 3226 of Hansard:

> It is proposed to establish a fund to be known as the agricultural stabilization fund.
>
> From it there will be paid to exporters to the British market the difference between the price actually received and the pound sterling valued at $4.60. In other words, to the extent that the pound sterling falls below $4.60 the difference will be made good from this fund.
>
> This will apply to the following commodities: animals, meats (including bacon and hams), poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey.

It is calculated that that will mean a bonus of some twelve per cent for our exporters of

these commodities to the British market. In addition, it will mean an increased price for these products in the home market. This proposal must be regarded, as indeed it is by every minister of agriculture in the provinces of this country, as a tremendous step in assisting those who are raising live stock. Contrasted with that, when the Mackenzie King government was in power, the markets to the south were closed to us, and they continued closed up to the time this government came into power. I should like to indicate the American duties on a few items; first, under the tariff as it was in 1920; second, under the Fordney-McCumber tariff of 1922 and, third, under the Hawley-Smoot tariff of 1930. The items and rates of duty are as follows:

	Tariff 1920	Tariff Sept. 21, 1922	Tariff June 17, 1930
Cattle..ad valorem	Free	1½c. per pound if less than 1,050 pounds; heavier 2c. per pound	2½c. per pound if less than 7,001 pounds; heavier 3c. per pound
Live hogs..per pound	Free	½c.	2c.
Sheep and lambs..per head	Free	$2	$3
Live poultry; chickens, ducks, geese, turkeys, and guineas..per pound	1c.	3c.	8c.
Beef and veal..per pound	Free	3c.	6c.
Mutton..per pound	Free	2½c.	5c.
Lamb..per pound	Free	4c.	7c.
Pork..per pound	Free	¾c.	2½c.
Poultry, dressed or undressed..per pound	2c.	6c.	10c.
Eggs in the shell..per dozen	Free	8c.	10c.
Wheat..per bushel	Free	30c. (increased to 42c. on April 8, 1924)	42c.
Oats..per bushel of 32 pounds	6c.	15c.	16c.
Barley..per bushel of 48 pounds	15c.	20c.	20c.
Wheat flour..per 100 pounds	Free	78c. (increased to $1.04 on April 8, 1924)	$1.05

That is what was done under the regime of the administration that took the attitude that we must not provoke the United States. The result was that that market was completely lost.

I come now to the question of hogs. Under this government we have the brood sow policy carried out by the Minister of Agriculture (Mr. Weir). We next have the quota established by the conference agreements. This will permit the export of 280,000,000 pounds of hams and bacon, a total which far exceeds any possible production in this country. Then we have the boys' and girls' swine clubs which are carrying on a very useful work.

I should like to refer again to barley. Manitoba produces more barley than any other province in Canada. This government put on a duty of twenty-five cents per bushel against corn coming into the country. The result has been an increase in production of 13,000,000 bushels in 1932 over the production of 1931. Imports of corn from the United States have deceassed by twenty-five per cent or some 3,000,000 bushels, thereby providing an additional market in this country for barley. The home consumption of barley has increased and we find that the amount in storage is much less than previously, it being 6,000,000 bushels in 1932 as compared with 11,000,000 bushels in the previous year. A new market has thus been provided for our barley.

Butter has been discussed in this house upon many occasions. The policy of this government has been to decrease the importations of butter from abroad. The result has been an increased production with an expected depressed price. However, the price of butter in this country is the highest upon the whole continent. The production has been increased from 258,000,000 pounds in 1929 to 330,000,000 pounds in 1932 while imports have been decreased from 36,000,000 pounds in 1929 to 238,000 pounds in 1932. Exports have increased from 1,400,000 pounds in 1929 to 3,500,000 pounds in 1932. This increase has been largely due to the concessions obtained at the recent conference whereby a duty of fifteen shillings per hundredweight was placed against foreign butter by the United Kingdom. Action has recently been taken in order to impound butter which has come in from New Zealand. It will be seen that the new New Zealand treaty is of some use. There was also the action taken by the Minister of Agriculture in stopping butter coming into the country

from Australia before the treaty was completed. In addition to and tied up with the same matter we have the inquiry now going on before the agriculture committee into the price of milk and as to whether or not the consumer gets a fair share of that price. I ask the house to contrast this present situation with that which obtained under the old New Zealand treaty where that country shipped into this country some 36,000,000 pounds of butter per year. That was a tragic mistake which probably cost the then existing government its power. I have never been able to understand the attitude taken at that time, nor have I been able to understand the attitude taken since. If the New Zealand treaty was right, why was it abrogated? If it was wrong, why is it now defended.?

Because of the grading policies of this government the per capita consumption of eggs in this country is the highest in all the world, it being thirty-one dozen per person. Our markets have been increased and this government is responsible for the fact that we sold 100,000 pounds of poultry to the old country just at Christmas time. This was largely due to the Imperial conference agreement and the ten per cent preference given to Canadian poultry. The quality of our poultry has been improved through the inspection and certification of flocks. This government has been interested in the creation of new grasses, notably the crested wheat grass created by Doctor Kirk. The work of the publications branch of the department is being carried on and any farmer can obtain the information he desires upon a particular subject by simply writing to the Department of Agriculture, Ottawa.

The question of markets must always enter into any discussion regarding agriculture. We have already upon Hansard the results of the various tariff measures of the United States and it will be noticed that that market was closed to us before this government came into power. A great opportunity is open to this country, of which the Prime Minister is fully aware, in the possibility of a reciprocity treaty with the United States. Such a trade treaty has many possibilities, particularly with regard to live stock. I would not favour a treaty which might exist to-day and be cut off to-morrow but a treaty similar to those which we have with other parts of the British Empire and which run for a period of years would be of inestimable value to Canada. President Roosevelt appears to be anxious to enter into such a treaty.

As I have indicated already, the other markets of the world had been closed to us and last year the only market that remained as a possibility was the British Empire. To those who claim that the Imperial conference agreements have been of no use, may I say that in the ten months ended January 31 last we have increased our exports of wheat, oats, flour, beef, bacon, hams, pork, canned meats, poultry and milk by $15,826,000. We now occupy fourth place in the British market and fifth place in the markets of the world. And it must be remembered that we have only some 10,000,000 people. As far as markets are concerned for our size we are enjoying larger markets than those enjoyed by any other country in the world.

I should like to refer to the tariff situation as it has existed under the different parties. I intend to quote from the government publication Trade in Canada published by the Bureau of Statistics. I desire to show the average rates of duty on dutiable imports and also on all imports for a number of years, as follows:

	Average Rates of Duty on	
	Dutiable imports	All imports
1917	23.8	13.0
1918	21.5	12.1
1919	21.5	12.3
1920	22.5	14.7
1921	20.6	14.1
Average for 5 years, Conservatives	21.9	13.2
1922	24.5	16.2
1923	24.9	16.7
1924	22.9	15.1
1925	23.3	15.1
1926	24.7	15.5
Average for 5 years, Liberals	24.0	15.7

	Average Rates of Duty on Dutiable imports	All imports
1927	24.1	15.4
1928	24.2	15.5
1929	24.4	15.8
Average for 8 years, Liberals, 1922-1929	24.1	15.6
1930	24.3	15.9
1931	26.0	16.4
1932	29.3	19.7
Average for 3 years, Conservatives	25.1	17.3

Increase in average Mackenzie King tariff, 1922 to 1929, over previous Conservatives tariff, 1917-1921 on dutiable imports 2.2 per cent.

Increase in average Bennett tariff, 1930-32, over previous average Mackenzie King tariff on dutiable imports 2 per cent.

In their first full calendar year in office the Mackenzie King government increased the average tariff by 4.3 per cent, and similarly in the first full calendar year the Bennett government increased the average tariff by 1.6 per cent.

That is somewhat important in my opinion in view of the way in which elections are conducted in western Canada. We were told in the west in 1930 that we must vote for the low tariff party. Had the people done so at that time, they would all have voted Conservative, but they did not. As usual, Mr. Barnum was right; the people like to be fooled. That is why those who believe in low tariffs did not vote Conservative at that time and that is why my hon. friends to the extreme left of the Speaker are smiling now; they realize the truth of that. The Progressive farmer group at that time took the stand that they would not join with the Liberal party, because they in fact were a higher tariff party than were the Conservatives.

Let me now deal with other matters which I desire to discuss. It is always recognized, I think, that the price of wheat in Canada is the life blood of the country. In the district from which I come we have had a series of crop failures for some three years. The situation there has now got beyond the municipalities; they have no more money and no more credit left. It may be truthfully said that if an accurate survey were made of Manitoba, it would be found that all those municipalities where there is actual distress are within my constituency. On the other hand, the moneys of the province and of this dominion have been scattered all over the municipalities of Manitoba; they have not been given out on the basis of need, for if they had been given out on that basis, ninety-five per cent of them would have gone to the constituency of Souris.

In that constituency what is needed at the present time is action. Each day I receive petitions, from the municipalities of Edward, Arthur, and Brenda in particular, and other municipalities within that area urging that action be taken. I received to-day a resolution from the Melita board of trade asking that action be taken at once. They point out that if action is not taken, the people themselves will be on relief and will be thrown upon the public treasury. The cost of such action is small, providing it is measured by need and applied under proper supervision. There is only a small territory there in distress, but that territory needs action at the present time. Due to the difficulties that have recently existed in Manitoba, there does not seem to be any coordination to bring about the desired result.

I could cite the action taken by this government in regard to relief and it appears to me that the government has placed in that province sufficient moneys if they were properly given to the people in need. For instance, from January 1, 1932, to March 16, 1933, we find there has been a total advance to Manitoba of $15,432,496.59, on which has been credited as having been paid back, $2,916,434.85. On direct relief there has been paid to that province $1,839,717.73; public works amounting to $2,542,821.47 have been undertaken and paid for and there have been advances and loans amounting to $10,910,629.45. Those are moneys which have been advanced by the Dominion government to the province of Manitoba.

Due to the crop failure, debts in that particular locality are beyond payment. The mortgage companies have been acting very well inasmuch as they have not forced foreclosures. But what the mortgage companies seem to have overlooked is the absolute incapacity on the part of the farmers to pay

off those mortgages, due to interest accumulation. If the mortgage companies would carry on an investigation at this time, they would find that it would pay them to write down those mortgages, lest they kill the bird that is laying the golden eggs. Interest rates are high and I am glad to note that the government is to offer a new loan at four per cent, because this will have the effect of setting interest rates in this country on a lower scale, as where the people can buy high rate government bonds, they will invest in nothing else.

As regards farm implements, I am of opinion that at the present time they are at a price at which they cannot be bought. It is said by the machinery companies that they are paying a great deal for advertising and a great deal in order to collect payments. But I would point out that in the district from which I come there is at this time practically no advertising at all; there is no credit and therefore there is no reason why the price of these machines should not be cut down at least one-third. If the machinery companies find that they cannot operate on that basis, then they should not give us such luxurious machines as we have had in the past; they should cut out the fads and give us implements like the ones we had twenty or twenty-five years ago; that is the only way out. Unless they decrease prices, sales will not be made.

I am hopeful that at the world economic conference which is to convene shortly, something will be done about trade restrictions. Like many on this side of the house, I am of the opinion that world tariffs in general are too high; I am also of the opinion that an individual country cannot lower its tariffs unless all other countries do likewise at the same time. But there is at the economic conference a great opportunity, particularly for Canada and the United States in the way of decreasing tariffs instead of operating as we have done in the past on the basis of narrow nationalism.

It is important, I think, to note where there are possibilities of increased purchasing power. If there were increased purchasing power in Europe at this time, we could sell everything we grow in this country. It may be of passing interest to say that in 1930 there were spent in national defence in the world $4,126.000,000. War dets in 1920 amounted to $125,000,000,000. The war debt to the United States as November 15, 1932, amounted to $10,598,000,000. There is owing to the United States for 1933 alone $288,000,000. If some agreement can be made for the cancellation of war debts in general in both the United States and in Europe, and some arrangement can be made to cut down in regard to national defence, there will be left open for the purchasing of goods throughout the world such large amounts of money as will take us out of the present depression and create a demand for everything we have to sell.

I have tried to show in the time at my disposal the condition of agriculture, as it was during the term of the previous administration, and the treatment given it by the administration now in power. It is true that due to lack of purchasing power prices have not increased, and prices cannot greatly increase until we have that increased purchasing power. In the summary I have made I have tried to show precisely the efforts made on behalf of Canadian agriculturists. I have also indicated the public attitude to-day in regard to governments. May I issue the warning to our people that before they change they should stop, look, listen, read, and compare the record of the past administration with that of the present.

May I close with a little story which I believe aptly suits present conditions, a story of King Charles as he was riding alone in the forest. While riding he met James, who desired to succeed him, surrounded by a cavalcade of horsemen, James stopped Charles and reprimanded him in these words, "You, the King of England, should not ride alone." Charles turned to him and said, "James, brigands do not live in England who would kill me to make you king." Similarly, there are not sufficient political brigands in Canada who would place the present right hon. leader of the opposition in the position of the present Prime Minister.

Mr. CASGRAIN: Wait until the next election.

Mr. ELIE O. BERTRAND (Prescott) (Translation): Mr. Speaker, in rising to comment upon the budget, I do so fully aware of the difficult period through which the country is passing; may I, therefore, assure you that I shall be as impartial as it is possible in reviewing our economic and social situation.

Previous to broaching the subject matter of this debate, I beg of the hon. member for Souris (Mr. Willis) not to be offended if I do not wholly reply to his statement on the budget. During thirty minutes he lauded the policy of the government since its advent to power and endeavoured to pick out flaws in the late Liberal administration. He closed

his remarks by stating: After three years of this excellent administration the farmers of this country are at bay; I must request the government to see that the manufacturers of farm implements reduce their prices; I further request the government to create the means by which the farming classes may earn a livelihood and to also help them in every possible way, because the people I represent are in the greatest distress.

Some hon. MEMBERS (Translation): Hear, hear!

Mr. BERTRAND (Translation): It is, sir, quite easy to establish comparisons in a partial way and then draw conclusions apparently favourable. When the hon. member for Souris next meets his constituents, might I suggest to him that he ascertain their views on the conditions that prevailed between 1922 and 1930, in contrast with those existing between 1930, and 1933.

An hon. MEMBER (Translation): A marked difference!

Mr. BERTRAND (Translation): Previous to the remarks I intend to make on the budget, I wish to sincerely congratulate the hon. Minister of Finance (Mr. Rhodes), not so much for his speech itself, but for his clear and frank statement of our economic situation. According to his budget statement, our liabilities are increasing by leaps and bounds and all classes of society are suffering from the present economic crisis. A superhuman effort must be made to safeguard our national credit, and this, by increasing certain imposts and creating new taxes.

I also wish to congratulate the hon. member for Shelburne-Yarmouth (Mr. Ralston) on his masterly description of our economic situation. The hon. Minister of Finance alluding to our financial situation, but especially to our national liabilities and obligations, outlined the difficulties through which our country was passing.

I shall quote a few figures which will show our total indebtedness, the main cause of our economic depression.

The school, municipal, provincial and federal indebtedness amounts to $4,600,000,000; the total debt of all railways in Canada to the enormous sum of $3,500,000,000. I also wish to point out that bank loans to private individuals and business concerns, in order to foster trade and industry, have reached the fabulous amount of $2,500,000,000. I further wish to draw the attention of the house to the fact that there exist other liabilities of which we could only get accurate statistics recently, such as mortgages on farm lands which amount to $700,000,000 through the country. These figures furnished by the Bureau of Statistics, do not include mortgages on city properties and accounts due to merchants, doctors, blacksmiths—

Mr. LAPOINTE (Translation): To lawyers!

Mr. BERTRAND (Translation): It would be better to dispense with their services.

Mr. LAPOINTE (Translation): At times, they do render services.

Mr. BERTRAND (Translation): Not always! The known liabilities of the people in Canada have now reached the fabulous amount of $12,000,000,000. If our debt, sir, has reached that unheard of figure, it does seem extraordinary and very irrational that the rates of interest should vary from 4, 4½, 5, 5½, 6 and 7 per cent to 8 per cent in Eastern Canada; while in the West we find that the rates of interest on loans are as high as 10 and 12 per cent.

It is, therefore, very hard, I think, to establish the average rate of interest that the people must pay on these various liabilities, but we can safely state that this average is about 6 per cent, yearly, forming an amount paid in interest by Canadians of approximately $732,000,000. Therefore, if the interest of our national liabilities amount to the enormous sum of $732,000,000 and must be paid by Canadians, and our population is about 10,000,000, let us divide this yearly interest by the latter figures, the result is $73.20 per capita. Taking the case of an ordinary family usually comprsing five persons, by multiplying $73.20 by 5, we find that the head of a family, therefore, is forced to pay either directly or indirectly the amount of $366 per year, and this, as interest only. I wonder, sir, how are the Canadian people going to bear up with such a burden.

Then to these interest charges, we must add the liabilities incurred for local improvement, municipal and county taxes and the outlay necessary to carry on the administration of the various provinces, all of these greatly increase the burden already too heavy which the people must shoulder. I, therefore, really think that some relief must be given, in the very near future, to our people. On whom does the burden of these taxes fall most heavily at present? Not long ago, the hon. Minister of Labour (Mr. Gordon), stated that 1,300,000 people were receiving direct assistance from our various governments. We cannot, therefore, ask these people to pay their quota of these imports, since they depend solely on the relief contributed by the state government, their

province and municipality or these three organizations combined. The burden must therefore fall on the rest of the population.

The other class to which I want to refer are the farmers who comprise more than 45 per cent of our population. If there are 1,300,000 unemployed, comprising over one-tenth of our population, the farming community which cannot be placed among the unemployed and being the majority of our employed population, must naturally be called upon to bear a heavier burden than all other classes of society.

It might perhaps be interesting to examine more closely the situation and find out what are the conditions at present prevailing among our farming class. I have obtained statistics which prove in what state agriculture has been left in, and, so as not to repeat the arguments previously set forth, I shall endeavour to bring out new proofs. I shall quote our total farm exports, for each fiscal year, to all foreign countries and the British Empire:

	1929-30	1930-31	1931-32
All countries	$368,792,277	$269,858,864	$198,476,699
British Empire	199,604,065	149,468,827	110,159,169

These figures, therefore, show an extraordinary decrease in farm returns. After all, the latter must necessarily depend on these returns to meet the taxes of the state, the provinces, and municipalities, as well as other charges with which it is burdened.

Let us now examine the farm exports, of field crops, for the twelve months ending in October of each year:

1929	$524,828,419
1930	336,362,550
1931	218,175,958
1932	211,176,931

It is therefore not astonishing as the member for Souris, himself mentioned a few moments ago, that the farmers of his constituency are in a different situation. The same applies to all farmers throughout the country and it is caused by the lack of farm returns or a great decrease in such returns, while fixed charges remain unchanged.

I shall now quote figures with reference to exports in live stocks and their by-products, for the twelve months ending in October of each year:

1929	$146,629,066
1930	100,288,057
1931	73,752,819
1932	58,290,769

The decrease of more than 60 per cent in these exports certainly adds to the depression in agriculture.

The prices of farm products have decreased in the proportion just mentioned. I must also add that in Ontario, where I reside, taxes have risen more than in other sections of the country, and are extraordinarily high. To such an extent that a committee representing 31 municipalities of this province stated only recently, after having made an absolutely accurate calculation of their taxes, from 1904 to 1932, that the increase amounted to 2,800 per cent since 1904. This statement was recently forwarded to the government of Ontario and the information was given out by Mr. F. D. Tolchard, secretary of the association. Therefore, these figures cannot be contradicted.

This has placed us, in Ontario, in such a plight, that excellent families of farmers, who settled here, a number of years ago, and established their children on the land find themselves to-day, unable to continue farming. In my constituency, taxes are our greatest burden. At one time money lenders endeavoured to collect the payment of money due to them, so as to naturally protect their own interests; however, to-day, they are less exacting than they were heretofore. The rates in interest have been lowered in many instances and, in numerous cases, new mortgage deeds have been agreed upon for an amount not exceeding 50 per cent of the original debt. However, this is not sufficient, if we wish to keep the farmer on the Canadian soil, especially in the county I represent. Those that are desirable on the farm are forced to leave owing to the burden of taxes which weighs so heavily on them. Municipalities to meet their liabilities are forced to find the money somewhere and they have reached the stage where they must necessarily collect the taxes, and in many cases, by means of seizure. They must auction off all seizable chattels allowing the farmers to stay on their land with two hundred dollars' worth of implements, live stock and poultry which cannot be seized according to law, and which are not sufficient to permit them to continue their operations. Under such circumstances, we are wondering how the farmer will till his land and how we shall safeguard agriculture which, after all, is the fundamental industry on which has rested for a long time past, the whole economic structure of our country.

Mr. POULIOT (Translation): Hear, hear.

Mr. BERTRAND (Translation): By allowing this situation to become worse, not only

will the farming class suffer, but all classes of our population will necessarily feel the effects. The evil is far greater than one imagines. Certainly special consideration, at this session, should be shown to this class of people,

When the Minister of Finance (Mr. Rhodes) brought down the budget, I heard with great satisfaction his statement that a conversion loan would be effected at an opportune time in order to lower the rate of interest on our national debt. Rest assured, sir, that this measure will receive our full support. I would request the hon. Minister of Finance to go one step further; first, to reduce the rates of interest on our national debts in order to alleviate the burden of taxation to our people, particularly from the viewpoint of safeguarding agriculture; furthermore, I would request him to fix a very low rate of interest not only on our national debt, but also on all liabilities contracted by the people of Canada. That might immediately result in preventing large financiers from drawing so large incomes, but in the long run it would tend to place on a same level the various classes of society. This would be quite a progressive step to relieve the burden which bears directly or indirectly on our farming community.

Over a year ago, I had the opportunity of referring to the same subject and also requesting the hon. Minister of Finance (Mr. Rhodes) to lower, to 2 per cent, the rate of interest on our national debt. I do not wish to convey that he accepted my suggestion, however, I am pleased and take pride in noting that events have proved that I was right. I, therefore, request that the national debt be converted to one bearing interest at 2 per cent, and if this conversion is not accepted with good grace, then it should be made obligatory. This would be a kind of communism of the mildest type as a sop to the distress actually prevailing in all classes of our society. This rate of 2 per cent interest should also apply to all liabilities which I mentioned a moment ago.

Now, sir, I shall endeavour, in a few words, to show the fallacy of the argument set forth by the hon. Minister of Trade and Commerce (Mr. Stevens) who tried to prove that the volume of our trade had not decreased since 1930. In support of his argument, the hon. minister pointed out the fact that, in 1930, our exports amounted to $895,000,000 and that, in 1932, if our products had been estimated on the price obtained in 1930, our volume of exports would have amounted to $840,000,000; there was, therefore, only about 5 per cent decrease. That may be so as far as the volume of our exports is concerned, however, let us face the facts as they are; is the heavy burden of our liabilities not greater than in 1930 or 1928? There is no question that our liabilities and taxes have greatly increased since 1928. I ask the Minister of Trade and Commerce —let him reply later—how will the farmer be able, when his farm returns decrease in the proportion which I shall establish in a few moments, to meet heavier liabilities than in 1930 and especially than those of 1928.

In 1928, the value of Canadian field crops amounted to $1,053,817,000; while in 1932, they had dropped to $416,586,000. Therefore, if we follow the same line of argument, as did the hon. Minister of Trade and Commerce, it would mean a loss to the farmers of $637,231,000 or 60 per cent of the value of their crops. Their live stock in 1928 was estimated at $197,880,000 and, in 1932, at $70,-211,000, consequently, there was a loss, for the farmers of this country, amounting to $127,-669,000 or 65 per cent. Further poultry and eggs were estimated at $106,653,000 in 1928, and in 1932, at $54,490,000, again there was a loss of $52,163,000. How will the farmer be able to carry on with increased taxation placed upon his shoulders, when he has to put up with such reduction of the value of its products on domestic or foreign markets. Certainly, the farming community is the most affected throughout the present depression.

Other classes of society do not feel the pinch of the crisis as much, may I mention, for instance, money lenders who benefit by high rates of interest, large business undertakings, financiers and banking institutions—if the latter can be classed with the others. In 1928, an amount of $184,079,154 was distributed in dividends and, in 1932, $164,962,592; therefore, only a 10 per cent decrease in their revenues. These profits taken on the public of Canada necessarily reduced the purchasing power of our people. That is certainly an obstacle which disturbs the monetary equilibrium of this country.

This evil must be remedied. These large financial organizations and industries are protected while other classes of society do not enjoy the same privileges. Bondholders are thus highly favoured. In 1928, the dividends paid on bonds amounted to $335,000,000, while in 1932 they amounted to $400,000,000, namely, an increase of $65,000,000.

If the situation is actually as I have described it, I really think that the minister will not hesitate to do his utmost to reduce the rates of interest to the lowest mark possible—if it cannot be done willingly let it be compulsory—to reestablish the economic equilibrium of all classes of society.

In support of my contentions, I wish to quote an excerpt from an article which I recently read, and which expresses entirely my views. I shall read it in English. The article bears the heading:

Capital is not sacred.

This is from a broadcast address by Archbishop John T. McNicholas, O.P., over the Columbia system (Catholic Northwest Progress).

There is nothing sacred about capitalism; yet it need not be abolished, provided its flagrant abuses be corrected. If they be not corrected, there is serious reason to fear its violent overthrow. There must be in the future a fairer distribution of profits in the economic world. The accumulation of the fabulous fortunes of recent years must be rendered impossible, as contrary to commutative, legal, or social justice by the force of public opinion, through legislation.

I really think that this excerpt gives a fair description of the changes that should take place in improving our capitalist system and of what I have in mind.

Since, sir, financial questions have been broached, may I refer briefly to the Canadian National Railways? I am aware that certain measures have been submitted to the house, I shall, therefore, only briefly refer to the subject. The liabilities contracted by the Canadian National Railways have reached, at present, more than $2,300,000,000 and, of this amount, the sum of $974,481,382.28 is guaranteed by the Dominion government. Notwithstanding this fact, the right hon. Prime Minister (Mr. Bennett), when making a statement recently on our railway situation, emphasized the fact that the Canadian National Railways were the property of the bondholders. If such be the case, sir, the situation is very serious. Would it not be more simple, instead of planning a forced merger or system of cooperation on our railways, to oblige the bondholders or proprietors of the Canadian National Railways to take back their property and thus lighten our national debt. I realize that from the government's viewpoint, this would amount to a breach of contract. However, I do not hesitate in suggesting such means, and I am fully conscious of the responsibility I take in advocating this policy.

The capital invested by the bondholders of the Canadian National Railways cannot be regarded as a sacred thing. If the economic situation has actually become so serious that it threatens the credit of this country, a measure of the nature suggested above should be enacted to force the bondholders to take back their property and then apply the amounts thus saved to relieve the present plight of our people.

When speaking on last fiscal year of Canada, we were informed recently that the deficit of the said year had simply been added to the national debt. The impression created was that we would not hear any more about it and that the national debt would be increased to $2,599,089,000 for 1933. One must bear in mind that our debt has been greatly increased since the advent to power of the present administration, because in 1930 our debt amounted to $2,177,763,959. Therefore, it has increased to the extent of $421,375,041 since that period. This increase only refers to the national debt. It was stated and repeated in the house, that our liabilities abroad should be paid by our exports and by the various services which we might render to countries to which we were indebted; that gold was not the only commodity which could be exported from one country to another, but it was simply a help to trade from an international viewpoint.

Let us, sir, examine the reason of the constant increase of our national debt and liabilities abroad, as well as the effect of such an increase on our people, as a whole.

Canadian exports at the end of October, 1929, amounted to $1,280,684,667; in 1930, to $945,614,514; in 1931, to $634,564,116; in 1932, to $516,098,451. Should our exports continue to decrease yearly, it will become most difficult to make both ends meet. While our national debt has increased over $421,000,000, the means to refund this debt decreases. Moreover, the revenue derived from our exports, acccording to the latest statistics I was able to obtain, has decreased from $1,280,000,000 in 1929; to $516,000,000 in 1932. It is absolutely necessary that our exports should increase, if we wish to relieve the present situation and foster the interests of Canada.

I note that my time is almost up; I regret so, because I still have many arguments in support of my contentions. However, I should not like to close my remarks on the budget without alluding to the new taxes which will be levied. I had the opportunity, over the week end, to meet a great number of my constituents, and to explain to them what would be the new burden of taxation that they would have to shoulder. I must draw the attention of the government to a remark made, not by one or two people, but by hundreds of my constituents. They were, indeed, ready to make all possible sacrifices to help our country, because they have faith in the future of Canada, their fatherland, which they helped to settle, where they have toiled and where they wish their children to carry on and transmit an heritage which is particularly theirs, as French Canadians. However, they were shocked to find that the government

decreased the duties on cigarettes and spirits not so long ago while increasing the duties on commodities such as sugar and other articles of first necessity—indispensable to our families who have little means—such as molasses, rice, tapioca, sago, corn syrup, which are indispensable and very difficult to raise in this country.

Mr. POULIOT (Translation): Hear, hear!

Mr. BERTRAND (Translation): Such measures are absolutely inconceivable and I have no hesitation in stating that my constituents are greatly shocked at the fact that the government has reduced the duty on cigarettes and spirits while increasing the duty on first necessities of life.

I wish to be candid and avoid all partisanship, as I stated at the outset of my remarks. But the people say that by this duty reduction, the government meet the wishes of large tobacco companies, protect them and allow them to realize as large profits as before and this is due to reduction of duties. As to the large financial interests which control the sale of spirits in this country, the government—although business is continuously decreasing—find it possible to help their trade and assure them of substantial returns by the reduction of duties on liquor causing necessity to add new taxes on necessities of life of the people of this country upon whom fall the new taxes. I deemed it my duty to openly make this statement, in the house, on behalf of my constituents, and to be bold enough to state exactly how conditions are.

In closing my remarks, sir, I wish to state that so far as our financial situation and the difficulties encountered in the administration of the country, at present, the hon. Minister of Finance and the government have certainly our best wishes. At times, they ask us to cooperate, we can extend to them our best wishes, however, when it is a question of cooperation, how can we cooperate with them in applying a policy which tends, as we can prove, to protect the interests of great financiers, while the less privileged classes of society are ignored and are not treated as they should be according to the measures enacted by the government. I state that we must absolutely oppose these measures which are detrimental to the large majority of our people, and that it is our duty to do so, because, we, the Liberal party, wish to see that our legislation tends to distribute the burden of taxation among all classes of society. We want the burden to weigh more heavily on those who can afford to pay, and infinitely less on the shoulders of those who are unable to bear the burden.

[Mr. Bertrand.]

An hon. MEMBER (Translation): Hear, hear!

Mr. BERTRAND (Translation): This, we want for the greatest welfare of our people, so that peace may reign among all classes of society, that all races in this country may be on the best of terms, that all classes be placed on an equal footing and, finally, that Canada may become greater, more united and prosperous.

On motion of Mr. Simpson (Algoma) the debate was adjourned.

SUPPLY

DEPARTMENT OF RAILWAYS AND CANALS

The house in committee of supply, Mr. Gobeil in the chair.

Miscellaneous services, including salaries and expenses of experts employed temporarily, $50,900.

Mr. POULIOT: Who are these experts?

Hon. R. J. MANION (Minister of Railways and Canals): This item provides the continuance of the annual vote formerly provided under the title of surveys and inspections. It is provided in order that funds may be available for any special services, investigations or examinations that may be required in connection with railway matters or matters in relation thereto and to pay the salaries of official car porters and other salaries and incidental expenses for the maintenance of the official cars under the jurisdiction of the department, including governor general's cars. The services of experts have to do with such matters as the St. Lawrence canalization scheme, or similar matters, and the men in the department, who are regular employees of the department, receive extra compensation for that work.

Mr. SANDERSON: There is an increase of $8,900; what is that for?

Mr. MANION: When this item was up previously the hon. gentleman asked me with reference to this increase and I gave the wrong information, because unfortunately I could not put my hand on the details. I gave some figures then which were a little out, but I will give the actual figures now. This item is made up as follows: administration of the department, $3,822; government official cars, salaries of porters, $10,638; repairs and maintenance, $15,000; governor general's cars, $7,000. This next item is where I fell down previously; I forgot it for the moment: Beauharnois surveys and investigations, $14,000,

and unforeseen expenses, $440. The reason for the increase, which I gave incorrectly the other evening, is the Beauharnois surveys and investigations, the point being that until very recently the Beauharnois works, so far as the government was concerned, were carried on by the Department of Public Works. That work was transferred to this department and at present we have, as we had during the construction work, two engineers who were taken over from the Department of Public Works, whose business it has been to check up the work being done to see that the company kept within the agreement with the government. This $14,000 is an increase, but there have been decreases in other items amounting to about $5,000, so that the total increase is only about $9,000.

Mr. POULIOT: May I ask if the porters are classified as experts, and if so as what?

Mr. MANION: They are expert porters but are not classified as such.

Mr. POULIOT: I understand that they are both porters and butlers at the same time.

Mr. MANION: The porters on the cars, so far as I know, are exactly the same men who have been on the cars for some years. I do not think there have been any changes. They are called porters and do that work and also what might be called butlering, if you will, and cooking.

Mr. POULIOT: How many of them are there?

Mr. MANION: Two for each car.

Mr. POULIOT: And how many cars?

Mr. MANION: Three.

Mr. POULIOT: Including the governor general's?

Mr. MANION: No, that comes under a separate item.

Mr. POULIOT: I have no objection to the governor general and the government having special cars, especially when there are only three. On the other hand, I have always spoken strongly in this house against private cars for the superintendents of the railway, but I do not know when I shall have another opportunity to speak on this question, so I wish to take advantage of this opportunity. I wish to thank the minister for his courtesy when I mentioned the matter to him. The questions I wished to ask unfortunately were disposed of by another member of the cabinet than the minister himself when they came up in the house. I want to protest as vigorously as I can against all sorts of foolish expenditures that are being made by the superintendents of both railways. They should not be entitled to a private car. It is all right for the governor general and the Prime Minister and other members of the government to have a private car when they go on a long trip. I am not narrowminded enough to criticize that and I never have, provided the expenses are reasonable. On the other hand, I think it is foolish to allow the superintendents to travel around in luxurious private cars, with butlers and expensive food and all the glory of the Queen of Sheba, and I think a stop should be put to it, especially when the common necessities of life like sugar are being heavily taxed. The Prime Minister says that we have lots of unavoidable expenditure in connection with the railways, but this is foolish expenditure, insane expenditure, which cannot possibly be justified, particularly when we see engineers of the railway going about from station to station on an ordinary handcar to make their inspections. The superintendents travel about in their special cars on important trips, presumably. They sit in their private car and say they are there to work, but if they want to work while on the train they can just as easily do it in a stateroom in a Pullman car. Very often I have met ministers of the crown travelling around as ordinary mortals in Pullman cars, and they arrive at their destination just as safely as the superintendents travelling around in their gorgeous private cars. We must come down to earth and realize that that kind of foolish expenditure must be put a stop to right now. I am sure that the Minister of Railways is all right in this matter, and I do not put the blame on him at all, but rather on those who refuse to answer members of the House of Commons when they ask the government for legitimate information. I am here to look after the interests of the country as a whole, and I am prepared to do it, and I shall bring these facts before the house at every opportunity. At the present time when more than half the railway men of this country are out of work, we see a man in Quebec who is not qualified, who was recommended by Lord Shaughnessy, but who did not appoint him to the Canadian Pacific Railway, but recommended him to the Canadian National Railways, and he is now the fifth or seventh wheel of the coach. The only thing he does is to look at himself in the looking glass. There are four special cars for the superintendents around Quebec and Levis, which is one more than there are for

all the members of the cabinet. I have nothing against these people personally, but we must be sensible in our expenditures and in times like these when there is so much suffering we must take from those who have too much to help feed those who have not enough. That seems to me only common sense. I know that the minister understands me and I hope that he will tell the members of the cabinet who do not understand common sense that they must come back to it before they can be called supermen.

Mr. BRADETTE: Has the minister the amount spent on surveys separate from investigations?

Mr. MANION: I explained that to the committee when the hon. gentleman was out. There are two engineers, Mr. Lazier and Mr. Hand. Mr. Hand has been taken over from the Public Works department by the Department of Railways and Canals because it must be remembered that under the late government and under this government until recently the Beauharnois project was handled through the Public Works department, but a few months ago it was transferred to the Department of Railways and Canals. The duties of these two engineers are to see that the Beauharnois Power Company remain within their agreement with the government of Canada in the construction work. Their whole purpose in these surveys is to see that the company does not do anything contrary to its agreement.

Mr. GARDINER: Why was the change made from the Department of Public Works to the Department of Railways and Canals?

Mr. MANION: Offhand I could not say definitely except that canals are generally under the Department of Railways and Canals. I think that is the whole purpose in making the change. Probably it never should have been at first under the Department of Public Works, but it may have been put there for good reasons which I do not know about.

Item agreed to.

Canals—staff and repairs, $2,738,720.

Mr. POULIOT: May I ask if the government has reached a decision with regard to the St. Lawrence waterway and if the question will come before the house this session?

Mr. MANION: The matter is still in the position in which it was when I answered a similar question some time ago. In all probability the matter will not come up this session unless the treaty is ratified by the United States congress.

Mr. POULIOT: May I ask what estimates will be taken up this evening?

Mr. MANION: It is private bills for the first hour, and the estimates of the Department of Agriculture.

Mr. POULIOT: Any other departments?

Mr. MANION: I think not. Agriculture will probably take the whole two hours.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 47, respecting The Canadian Anthracite Coal Company, Limited—Mr. Stanley.

DEVONSHIRE JOCKEY CLUB

Hon. R. D. MORAND (East Essex) moved that the house go into committee on Bill No. 51, to incorporate Devonshire Jockey Club.

Motion agreed to and the house went into committee, Mr. Cowan (Port Arthur) in the chair.

On section 1—Incorporation.

Mr. HEAPS: Could we have an explanation?

Mr. MORAND: This is a bill to convey to the creditors of the old Devonshire race track the rights which they enjoyed under the original charter. It became necessary for the creditors to put this race track into bankruptcy and it was found that the courts were unable to transfer any rights other than the physical rights. No new race track is contemplated; it is intended only to permit the creditors to enjoy the benefit of the assets of the present race track.

Section agreed to.

Sections 2 to 8 inclusive agreed to.

Bill reported, read the third time and passed.

NIPISSING CENTRAL RAILWAY COMPANY

Mr. D. J. COWAN (Port Arthur-Thunder Bay, for Mr. Casselman) moved the second reading of Bill No. 56, respecting the Nipissing Central Railway Company.

Motion agreed to and bill read the second time.

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

The house in committee on Bill No. 41 to incorporate the Sarnia-Port Huron Vehicular Tunnel Company.—Mr. Gray—Mr. Cowan (Port Arthur) in the chair.

Progress reported.

SUPPLY

DEPARTMENT OF AGRICULTURE

The house in committee of supply, Mr. Bury in the chair.

Agriculture — for experiments in fruit products, $10,000.

Hon. ROBERT WEIR (Minister of Agriculture): The last time we were in committee there were two questions asked to which I promised to give answers. The first was in connection with the grant to the Canadian Horticultural Council. That was under the heading of Canadian Horticultural Council under supplementary estimates, 1932-33, vote No. 333, $5,000.

The second question was with reference to the contribution of the United States to the International Agricultural Institute. The contribution passed March 13, 1933, was $48,500.

Mr. BROWN: What are these experiments that are being carried on? We have been experimenting for a long time.

Mr. WEIR (Melfort): The purpose of these experiments is to see whether some value can be obtained from fruits, in particular apples of a low grade, by making juices to replace some of the common soft drinks now in use like coca cola and so forth. Experiments are being carried on at Middleton and Kentville, Nova Scotia, the Central Experimental Farm at Ottawa, and Summerland, British Columbia. This sum of $10,000 has chiefly to do with apparatus, salaries and equipment necessary for this work.

Mr. DUFF: I notice the minister said that experiments were being carried on at Middleton, Nova Scotia. Will he be good enough to explain what the experiments are, how much the government is expending and why it is carrying on experiments at that particular place. Who is getting the benefits of this?

Mr. WEIR (Melfort): We have a laboratory at the Scotia Gold Products plant at Middleton, the purpose being to test out ciders made from different kinds of apples in various states of ripeness, making special experiments in these juices, following the principle used in the old country of making a cider without the use of pasteurization.

Mr. DUFF: How long has this experiment been going on and how much has it cost the country so far?

Mr. WEIR (Melfort): Two years, and I believe at Middleton, Nova Scotia, the cost was a little over $2,000 last year.

Mr. DUFF: Why should it take two years and $2,000 to conduct this particular experiment? Surely scientists or whoever are in charge of this should not take two years to find the value of this experiment.

Mr. WEIR (Melfort): This amount, of course, is mainly to purchase equipment, and some applies on salary. The work is of a very technical nature. We think the results so far are satisfactory. Similar experiments are being and have been carried on in England for quite a number of years. If we succeed in making a satisfactory product from these lower grade apples available in Nova Scotia, as the low grade apples in the culls run around 60 per cent, this will mean a very much enhanced price for this class of fruit to the Nova Scotia fruit farmer and relieve the fresh fruit market of this load of low grade product.

Mr. DUFF: This does not seem to be a very satisfactory answer. I can understand the department spending three or perhaps six months in an experiment of this kind, but I gather from the minister's statement that they have put scientists or officials of the department into a private enterprise at Middleton, Scotia Gold Products, which manufactures cider and other things. I cannot understand the necessity of having one or more men there for two years. Surely if the men are capable, it should not take two years to find out whether they can do anything with this product. The apple is a very simple product of the farm. It should not be very difficult for these officials to discover whether a particular

grade of cider or something else can be made from this fruit. Is it not a fact that these men are in this factory, and that really, while the government is paying the money, they are doing work for this particular organization?

Mr. WEIR (Melfort): The only wage we are paying at this plant is that of one scientist. We have the services of the best scientist we could get for this work. The process, as I said before, is complicated, and whether or not the hon. member is disappointed with the results this man has obtained so far, we feel he is the best we can secure for the work.

Mr. DUFF: I am not disappointed; I am not paying this scientist's wages. The government is paying him and the government and the minister should be disappointed. It seems to me there should be no necessity for this scientist to be in this plant for two years. Surely, if he knows his business, as I presume he does, there is no reason for his being in the plant for two years endeavouring to find out whether apples can be made into some liquid. Why is this man there all this time? The government should know now whether he has been able to discover something which will be a benefit either to the government or to the department, and if he is not able to carry out some particular investigation, it is time for the government to bring him back to Ottawa and put him to work on something else.

Mr. WEIR (Melfort): I do not know of any question that has been asked.

Mr. DUFF: I asked why the government is keeping this man at this private plant. It is a private corporation and the government is paying this man's salary. The minister also said that this scientist was sent there to make a certain test as to what could be done with apples. After two years the government should be able to decide whether this man has made the proper investigation and the result of it. I have asked a question—and the minister should be able to answer it—as to what value this man is to the country in the capacity of an official connected with this plant.

Mr. WEIR (Melfort): One of the results of his experimental work is a development of fruit concentrates. Last year in this connection there were exported, I believe, 35,000 gallons. The results of these experiments have been made known to all cider plants in the dominion. Many different problems presented themselves along this line of the study of fruit juices for cider and other beverages. In England, the best men they can get have been working along similar lines for years. We sent Mr. Davis, one of our men, over there three years ago to make a special study. He remained a year in the old country gathering all the information he could and then returned to Canada. We received the benefit of that and he is continuing with this investigation. One of the results has been the development of fruit concentrates. What they are trying to do, as I said at the outset, is to find the best combination of fruit that can be used and under the best conditions it can be used to produce the best product without pasteurization.

Mr. DUFF: The result of having this man at the Middleton plant is that he is making money for a private corporation. If he has been there two years, surely there is no necessity for keeping him there any longer. If I understand correctly he is there looking after the private interests of a private corporation. A minute ago the minister said the man in question made certain juices from fruit. What part of the fruit juice is being exported from the plant as a result of this scientist's investigation?

Mr. WEIR (Melfort): The man is at a private plant because by having him there we save the government the expense of building a plant to carry on experiments. One result of his work has been that the plant exported 35,000 gallons of fruit concentrate. It is much cheaper to have a man work in a plant already erected than to erect a laboratory for the purpose. The knowledge obtained is not the special property of the plant in which he is working, but is spread throughout the country.

Mr. DUFF: What does the minister mean when he states that 35,000 gallons of concentrates were exported? Are these concentrates just the ordinary cider in bottles that the company sends all over the country?

Mr. RYCKMAN: Or is there something in it?

Mr. DUFF: Yes, or is there something in it? The Minister of National Revenue is interested in that phase of the matter. I may say, for the information of the Minister of National Revenue, that I have heard there is more than two per cent alcoholic content in these concentrates. Perhaps the minister had better investigate.

Mr. WEIR (Melfort): My information is that there is no alcohol in the concentrates.

Mr. DUFF: Evidently the Minister of National Revenue is suspicious. I suggest he get in touch with the Minister of Agriculture and have the official send him samples. I am sure the Minister of National Revenue would be able to tell whether the alcoholic content was more than two per cent.

An hon. MEMBER: Why would the minister know?

Mr. DUFF: Because he is a good judge. There is a good deal of complaint in Nova Scotia about the federal government spending all this money, and having an official at a private plant for over two years. I could understand an official being sent to experiment for three months, but surely there is no reason for having him there so long. The minister should give a better explanation than he has given so far why this man is paid a salary for two years, a man who is really an official of a private plant, and doing work for that plant instead of for the government.

Mr. WEIR (Melfort): He is not doing work for the private corporation, but for the government, and the entire industry in Canada. Any discoveries made as a result of his research are immediately available to all similar plants throughout Canada.

Mr. DUFF: That does not seem a reasonable explanation. What experiments could he make? What results would it take two years to obtain when only the simple process of making cider from apples is involved? That is all that is being done in the plant. They take apples, grind them up and put them into bottles in cider form. Surely there is no necessity to keep an official at that plant for two years. I want to tell the minister this is nothing more or less than a case of the government keeping an official who, if withdrawn to-morrow, would be replaced by that private corporation. And in that event the private concern would have to pay his salary.

The CHAIRMAN (Mr. Bury): Shall the item carry?

Mr. DUFF: No.

Mr. DONNELLY: This is an item for $10,000. The minister has told us that $2,000 is used at Middleton for experiments on cider. The hon. member for Antigonish-Guysborough seems to think that the official does nothing but drink cider. Probably that is true, but the other $8,000 must be spent somewhere. We should like to know at what other points experiments are being carried on, and we want an explanation of the different plants and the work being done in them.

Mr. WEIR (Melfort): As I said at the outset there is the plant at the central experimental farm in Ottawa and the plants at Kentville and Summerland. In Ottawa, $3,000 is spent, $4,000 at Summerland and the remainder at Kentville.

Mr. DUFF: At Middleton, not Kentville.

Mr. WEIR (Melfort): Yes, at Kentville.

Mr. DONNELLY: What work is done at these other places?

Mr. WEIR (Melfort): Work of a similar nature, but with different fruits. At the Summerland station they are carrying on experimental work in connection with dehydrating apricots, prunes and so on.

Mr. DONNELLY: What are they doing at Kentville?

Mr. WEIR (Melfort): At Kentville the work is chiefly that of the dehydration of fruits, together with some canning experiments.

Mr. DONNELLY: What is the work done at the Ottawa experimental station?

Mr. WEIR (Melfort): Work in connection with fruit juices and canning.

Mr. REID: In the event of a discovery made by a man stationed by the government in any of these plants, could a patent be taken out, or is his discovery general knowledge?

Mr. WEIR (Melfort): The knowledge is general.

Mr. DONNELLY: Is it at Kentville, Nova Scotia, you have the dehydrating plant, or at Kemptville, just outside of Ottawa?

Mr. WEIR (Melfort): Kentville, Nova Scotia.

Mr. DONNELLY: What is the use of having two stations side by side?

Mr. WEIR (Melfort): They do different work.

Mr. DONNELLY: What is the difference?

Mr. WEIR (Melfort): One works on the concentration of juices and the other upon the dehydration of apples, and fruit canning.

Mr. BROWN: Ever since I have been in the house we have been voting moneys for experiments in the dehydration of fruits. It has occurred to me that the time for experimentation has long since passed.

Mr. WEIR (Melfort): I think the hon. member knows as well as anybody in the house that there is practically no limit to the carrying on of experiments.

Mr. BROWN: I thought perhaps it had reached a stage where the experiments would have been concluded.

Mr. DUFF: The minister states that there is one scientist at Middleton and another about thirty miles away, at Kentville. The roads between Kentville and Middleton are good. Any man with good, long legs could walk there in a day. Yet we are told there are two scientists doing work for the government, one at Middleton doing certain work and the other at Kentville doing other work. It seems to me one man would be sufficient and I strongly recommend to the minister that he look into the matter. There should not be a man at each point. I would ask the minister to investigate and see that the man at the Middleton station be withdrawn, because I understand the Kentville station is in the nature of an experimental farm. Am I right in that?

Mr. WEIR (Melfort): It is, yes.

Mr. DUFF: I would not object to having a scientist at Kentville experimental farm. The official at the farm could do any work required by the privately owned bottling works at Middleton. Surely in this time of stress and strain, when we are trying to save all the money we can, there is no need after two years to have a scientist working for a private corporation at Middleton. I strongly recommend that the minister have this man withdrawn from that plant and save that money.

Mr. VALLANCE: May I ask the minister, would it be possible carry on these two experiments at the one place?

Mr. WEIR (Melfort): No, the experiments are different. If we did all the work at Kentville it would mean the purchase of laboratory equipment that costs a good deal; it would also mean the use of fruit, bottles and so on that the private plant supplies at Middleton. The scientist at Kentville devotes only part of his time to that, and the rest to fruit breeding.

Mr. DUFF: But the minister must admit that any investigation which is carried on at the Middleton plant of the private corporation is principally for the benefit of the private corporation.

Mr. WEIR (Melfort): Not at all.

Mr. DUFF: And if there is a laboratory there it would be interesting to know who paid for it. If he looked it up I think the minister would find that the government paid. But whether the government or the private corporation paid for it there is no reason why there should be two scientists. The man at Kentville could go to Middleton once or twice a week or oftener if necessary and make any experiments or investigation required. There is no need to have a man situated at the Middleton plant all the time.

Mr. VALLANCE: How many such investigations as that at Middleton are conducted throughout Canada? I mean, is the information gained at Middleton given to all other plants of a like nature, and how many are there in Canada?

Mr. WEIR (Melfort): My information is that there is only this one, and as soon as the information is obtained it is distributed to all plants for their use.

Mr. MOTHERWELL: I was wondering if the old committee that used to have charge of this work is still in existence; I think it was called the dehydrating committee. Is that still in existence?

Mr. WEIR (Melfort): Yes.

Mr. MOTHERWELL: Who are the members?

Mr. WEIR (Melfort): Dr. Archibald, chairman and Messrs. McIntosh, Macoun, Shutt, Lochhead and McGillivray in charge of canning.

Mr. MOTHERWELL: Are all these experiments made on the recommendation of the committee?

Mr. WEIR (Melfort): Yes.

Mr. MOTHERWELL: None of these experiments is going on now without their O.K.?

Mr. WEIR (Melfort): That is my information.

Mr. MOTHERWELL: I think it would be helpful to the committee if the minister would have samples of the cider and these dehydrated fruits. I used to have them in my office out there on the ground floor, and it

was quite a popular resort as long as I had the cider and dehydrated fruit. The proof of the pudding is in the eating and I think they would talk much more eloquently than any of us. Joking aside, they are really helpful.

Mr. WEIR (Melfort): We have stock samples at the experimental farm here. They are limited, but we shall be glad to show them to anyone who goes out there.

Mr. DONNELLY: I would like to know what salary this man at Middleton gets, what his qualifications are, and where he worked before he went there. He is said to be a scientist, but he gets less than $2,000 a year; he cannot be much of a scientist.

An hon. MEMBER: Do you want to pay him more?

Mr. WEIR (Melfort): His salary is a little over $1,700. He received his training in England. He is English born, I believe; he came to Canada, operated a small plant, then went back to England and made further studies and investigations, and came back to undertake this work for us.

Mr. DONNELLY: What were his qualifications? Is he a B. Sc.?

Mr. MOTHERWELL: Did the Civil Service Commission appoint him?

Mr. WEIR (Melfort): He did take a science course in England, but I cannot say what degree he obtained. It is a civil service appointment, and they no doubt looked into his qualifications.

Mr. DUFF: When was he appointed by the Civil Service Commission, and who recommended him to the department and the commission?

Mr. WEIR (Melfort): An open advertisement, I believe, in the regular form, two years ago. I cannot give any information about who recommended him.

Mr. DUFF: He was not connected with the department before two years ago?

Mr. WEIR (Melfort): No.

Mr. DUFF: Who recommended him to the department, and why did they get the Civil Service Commission to call for applications?

Mr. WEIR (Melfort): Because the dehydration committee recommended that the work be undertaken. This was the cheapest way to undertake it, and on their application the Civil Service Commission filled the position.

Mr. VALLANCE: Who are the dehydration committee?

Mr. WEIR (Melfort): I named them a moment ago.

Item agreed to.

Experimental farms, $1,642,000.

Mr. MOTHERWELL: Has my hon. friend anything new to relate to the committee in regard to the work on the experimental farms? Are there any more than last year, or any less? Has any special work been undertaken, and have there been any changes?

Mr. WEIR (Melfort): The number of farms is the same as it was a year ago. There are very many different projects, some that have been continued for some time, and there are always new problems and projects arising.

Mr. MOTHERWELL: What about the Rosthern farm?

Mr. WEIR (Melfort): It is still in operation. The work and the staff were curtailed a good deal, because we felt that we were there duplicating work done at the university of Saskatchewan. The work carried on at Rosthern was chiefly in connection with live stock, the dairy herd, pigs and poultry, and some horticulture.

Mr. MOTHERWELL: The farm is not really closed yet?

Mr. WEIR (Melfort): No.

Mr. MOTHERWELL: You are sort of half on and half off; is that the way?

Mr. WEIR (Melfort): The same as last year.

Mr. MOTHERWELL: I think it is a little different. I believe the superintendent is gone now.

Mr. WEIR (Melfort): He went last year.

Mr. MOTHERWELL: There is a feeling in that community that Mr. Munro, the former superintendent, was let out rather summarily. Has my hon. friend any explanation to make? Mr. Munro was there, I understand, for about twenty-five years, and then suddenly he was dropped like a hot potato. It is rather serious under these conditions to drop a good servant without using every endeavour to place him elsewhere.

Mr. WEIR (Melfort): It was for no criticism of Mr. Munro's work. It was felt that work was being duplicated at Rosthern experimental farm that was being done at Scott on the one side and at the university on the other, and we felt that with the reduced staff we could

carry on all the work there that was not being done at Scott or at the university. But there is no suggestion of criticism of any kind of Mr. Munro's work, and as soon as opportunity arises, if another farm is opened or a vacancy occurs for which it is felt he would be particularly suited, he will get every preference.

An hon. MEMBER: Where is he?

Mr. WEIR (Melfort): I believe in Prince Albert.

Mr. MOTHERWELL: I am very glad to hear what the minister has just said, because Mr. Munro was a very faithful servant, and it is rather like getting the cold shoulder to be dropped as quickly as he was. I might point out that my hon. friend cannot reduce his estimates by $3,000,000 or more and still contend that there is no material reduction in the work carried on. There must be a very material reduction in the work; that is unavoidable. I am not criticizing that at the moment, but you cannot reduce the estimates and continue to give the same service; I know that, and I think the minister knows it also. Of course it is his business to see that the neglect of the work is as little as possible, but I say it cannot be done. I should be very glad to hear of Mr. Munro being appointed, because good superintendents, while they are not as scarce as hen's teeth, are a joy to find, and it is a sad thing to lose one under any circumstances.

Mr. HANSON (Skeena): I see an increase of $100,000 in this item. For the last few years the matter has been before the department, and on several occasions I have discussed it verbally with the minister of the establishment of an experimental farm for central and northern British Columbia. As the minister knows this was recommended by his predecessor, the hon. member for Melville, and also by Hon. Mr. Tolmie when he was Minister of Agriculture. Last year I understood the minister to say that the department was contemplating closing one experimental farm in British Columbia, I think he said the Windermere farm, and that part of the money saved would be applied to that settled part of British Columbia to which I refer. I know that last summer, when the associated boards of trade held their meeting at which I was present, a resolution was sent to the minister asking for the establishment of such a farm. Since then I have been asked on several occasions what has been done. I wrote the minister, but he replied that he had no intention of doing anything this year. It seems to me that with an increase of $100,000 in this item and the closing of the Windermere farm something should be done. I should like to have the minister explain why no consideration has been given these requests.

Mr. WEIR (Melfort): There is really no increase in the item. There has been a change in administration; the revenue known as returnable revenue, which comes from the eggs gathered at egg laying contests and from the sale of some animals and so on, in place of being used by the experimental farms for their own purposes must be turned in to the Receiver General. In addition there has been a ruling that the travelling expenses of the headquarters staff, amounting to $40,000 or $50,000 annually, must be absorbed by each branch. These two items really make up the apparent increase of $100,000, which really is no increase at all.

I might say that we have in contemplation the establishment of a sub-range station in the ranching district of British Columbia, which we think will serve the purpose almost as well as an expensive experimental farm. It will be under the supervision of Mr. Thomson of the Manyberries experimental station, which now has to do with ranching, and I think everyone will agree that he is one of the best authorities we could obtain.

Mr. HANSON (Skeena): Is that to be somewhere along the line of the Canadian National?

Mr. WEIR (Melfort): It will be in the ranching area. The exact spot has not been decided upon.

Mr. COTNAM: I have spoken to the minister on more than one occasion about a matter which I should like to bring up at this time. In this country there are one or two sections greatly interested in sheep raising, and in my part of the country we have quite a number of farmers intensely interested in that industry. A few years ago they found that nice lambs weighing about 125, 130 or 140 pounds commanded the best price in the market, but last fall when our lambs were ready and the drovers went out to buy, the packers restricted them by saying that the minimum weight per lamb should be seventy pounds and the maximum weight one hundred pounds. The drovers in that locality refused to buy lambs unless the maximum was raised to at least 110 pounds. There was a fixed price for these lambs; those weighing less than 70 pounds were cut to half price, while lambs weighing over 110 pounds were paid for on the basis of half price for everything over that weight. In some instances the packers

would not allow anything at all for anything over 110 pounds.

Our people would like to find out where these minimum and maximum weight lambs went. When the ordinary housewife goes to the butcher shops she buys lamb, and it is all the same price. There is no distinction made; she is not told that this cut was taken from a lamb weighing less than 70 pounds while that cut was taken from a lamb weighing more than 110 pounds. She pays the same price for all the lamb she buys. There is a feeling abroad in this country that the Canada Packers and Swift's have a strangle hold on the primary producers; people believe the packers and the stock yards are operating under an overhead that is altogether unfair to the primary producers, and the farmers in Canada would like to know exactly why there should be this discrimination in the price of lamb though there is no distinction made when that lamb is sold in the butcher shops.

Mr. BROWN: I am glad to say that for once I can agree with the hon. member for North Renfrew. There is no question but that this is a serious grievance on the part of the producer. Indeed I was told the other day that a man who had shipped lambs under the regulation weight to the Winnipeg market had left only 14 cents per lamb after paying the freight; that is, he received 70 cents for five lambs. There is no doubt that in regard to lambs and hogs under and over weight the producer is heavily discriminated against, and if anything can be done to correct that situation undoubtedly it will be to the benefit of the producer.

Mr. GERSHAW: I should like to ask the minister if the Manyberries experimental range station comes under this item and, if so, whether he could tell me the cost of conducting that station. I should like to know also if there are other stations in Canada doing similar work.

Mr. WEIR (Melfort): That is the only station of its kind in Canada, and the cost is approximately $18,000.

Mr. GERSHAW: Then I should like to point out, Mr. Chairman, that a very special work is being done there in connection with the re-grassing of abandoned range land both with regard to winter and summer pasturage; in connection with how cattle gain under certain conditions, and particularly with regard to general range practice. In view of the fact that no other station in Canada is doing similar work I should like to ask the minister if these reports could be published separately rather than mixed up with the general reports of the department.

Mr. WEIR (Melfort): They were published separately the last time.

Mr. COTNAM: Before leaving the question I brought up I should like to get some assurance from the minister that before the season for marketing lambs comes next fall some action will be taken by the government to see that the primary producer gets fair play. If the position as I have stated it is not correct, if the farmer is getting all that is legitimately coming to him, I think that that should be known and the reasons for it be made plain to the farmers of this country, but if the packers are taking advantage of the farmers, that also should be made known. If the packers, on the other hand, are acting in good faith and everything is perfectly honest, legitimate and aboveboard, then in order to protect them from a feeling that is prevalent throughout the country, the whole situation should be cleared up. The primary producers would then feel that they were not being treated unfairly and that there was no occasion for any resentment against the packing industries of this country. But I repeat that there is a feeling throughout Canada and has been for many years amongst the farming community that the packing industries of this country have a stranglehold upon the farmers and have them at their mercy, and many believe that it is about time that that stranglehold was loosened.

Mr. MOTHERWELL: I should like, Mr. Chairman, to follow up what my hon. friend has said if it is in order to discuss it on the vote for experimental farms, but personally I think it would properly come under the live stock vote. However, if we are to have a general discussion of the live stock industry upon the vote for experimental farms, I wish to follow up what my hon. friends from North Renfrew and Lisgar have said.

Mr. VALLANCE: How do you propose to deal with the matter, Mr. Chairman?

The CHAIRMAN (Mr. Bury): I think the discussion would be more relevant under the live stock vote.

Mr. COTNAM: The matter needs to be fully discussed and I do not see any reason why it should not be discussed on this item as well as on any other.

The CHAIRMAN (Mr. Bury): But if it is discussed under this item it may be discussed all over again under the live stock item.

Mr. VALLANCE: On a point of order, Mr. Chairman, this is a question of marketing, not the live stock industry itself; I think it would be in order for us to discuss the matter on this item if we are to discuss marketing at all, for there is no item on which marketing could be discussed by itself. Like the hon. member for Melville I have something to say on the subject when we get your ruling.

The CHAIRMAN (Mr. Bury): I was not asked for a ruling, but my ruling would be that the discussion would be more relevant under the item for live stock. However, if the committee wishes to discuss it under this item it should be done with the understanding that the discussion will not be revived when the live stock item is reached.

Mr. MacLEAN: Has any additional ground been taken in this year for the experimental farm station at Summerside, Prince Edward Island? Has any additional expenditure been made, or is it in contemplation?

Mr. WEIR (Melfort): There has been no additional enlargement this year and none is contemplated.

Mr. MacLEAN: Has any request been made by the superintendent of the Summerside station to increase the number of foxes kept?

Mr. WEIR (Melfort): I am informed that no such request has been made.

Mr. MacLEAN: Has no request been made to increase the number of foxes kept, with a view to making the station self-sustaining?

Mr. WEIR (Melfort): It is quite evident that it would be very difficult, impossible, I think, to put the station on a paying or self-sustaining basis so long as we are endeavouring to carry on the experimental work we are doing.

Mr. MacLEAN: What was the cost of the operations last year as compared with other years?

Mr. WEIR (Melfort): The cost last year was $13,000, which was $3,000 less than the year before.

Mr. MacLEAN: In connection with the experimental work that was being carried on at the Summerside station, has some of it been transferred to the experimental plant at Hull, Quebec, or elsewhere?

[Mr. Cotnam.]

Mr. WEIR (Melfort): I think the hon. member has reference to the work that has been carried on at the Hull institute. That is a new kind of work with special reference to the disease of distemper.

Mr. MacLEAN: That work is being carried on at Hull now?

Mr. WEIR (Melfort): Yes, it was never done at Summerside.

Mr. MacLEAN: Who are the men engaged in that work at Hull?

Mr. WEIR (Melfort): It is under Doctor Watson.

Mr. MacLEAN: Any assistants?

Mr. WEIR (Melfort): He is assisted by Dr. Percy J. G. Plummer and Dr. J. R. West.

Mr. MacLEAN: Is any contact being maintained with the Welcome laboratories in England in connection with this work?

Mr. WEIR (Melfort): Yes.

Mr. KENNEDY (Peace River): There has been a very insistent demand for an experimental farm somewhere in the Peace River country. Has any headway been made in connection with that proposed project?

Mr. WEIR (Melfort): As the hon. member knows, there is a substation at Beaver Lodge which is doing very excellent work. I am inclined to agree with my hon. friend that when times are a little more propitious and money is a little more plentiful that work should be extended.

Mr. BRADETTE: It came to my notice a few weeks ago that the experimental farm has issued circular letters to the farmers in my riding, and I think throughout northern Ontario, asking them what advantages they have found from the demonstration farm, and there is a fear on the part of the farmers that the demonstration farm may be closed. I should like to get the assurance from the minister that no such step will be taken, because such farms as the demonstration farm in the clay belt of northern Ontario at Kapuskasing, which is one of the best, are of great advantage to the farmers. On account of the long distances it is almost impossible for a good many of the settlers to visit the experimental farm at Ottawa, but they do visit the demonstration farm during the summer months at least. I attended a meeting in northern Ontario at which lectures were given

by agronomists and which was attended by from two hundred to three hundred people at one time. It would be false economy to discontinue these demonstration stations which I believe are being maintained at very little cost to the department and the country as a whole.

There is another matter which I want to bring to the minister's attention. It was understood that two years ago a poultry promoter was to be appointed for northern Ontario and North Timiskaming, and I believe that applications were received for the position. I do not believe that the appointment has yet been made, or at all events no such poultry promoter has ever functioned in northern Ontario. In Quebec they have such a man and he is doing wonderful work. One can readily realize what it means to our settlers, many of whom have graduated to the farming class, and to the industry of agriculture generally when I say that a carload of eggs is brought into the town of Timmins practically every week from outside of our section of the country, whereas under proper direction our own section of the country could supply that demand. We should encourage the settlers and farmers in this section of the country. I am surprised that this official has not been doing anything for the last two years. I understand the appointment has been sanctioned but the position has not been filled. We hear of people being settled in this section of the country and they should be given as much assistance as possible. Could the minister answer the two questions I have answered?

Mr. WEIR (Melfort): The hon. member's first question was in connection with the illustration stations. I agree with the hon. member that these stations are very important, and there is no intention to curtail their numbers in any way. I am sure he will agree with me when I say that with so many of these stations distributed throughout the country it is necessary that a close check be kept in order to see just what stations are giving value for the money expended. The hon. member's other question would come under the item dealing with live stock, and I shall be glad to look into the matter. I thought there was a possibility it might be a provincial rather than a federal promoter. However, I shall be glad to look into the matter.

Mr. BRADETTE: The Ontario government closed the demonstration farm at Hearst. There was located at that farm one of the ablest officials in the country. This gentleman is now working at the Kapuskasing experimental farm. I should like to know if he is in the employ of the federal government.

Mr. WEIR (Melfort): When the provincial government decided to close the farm at Hearst we made an arrangement whereby the gentleman to whom my hon. friend refers would still continue to carry on extension work for the provincial government with his headquarters at the federal experimental farm at Kapuskasing. He is not an employee of the federal government; he is still with the provincial government but has his headquarters at the farm.

Mr. CARMICHAEL: I should like to say a few words in connection with the illustration stations. For the past two or three sessions I have spoken favourably of the work done by these stations. We have two in my constituency one near the town of Kindersley and the other near the village of Loverna. There is a capable man in charge of the Kindersley station and I have always been able to speak very highly of the work accomplished. I do not think I need review at this session the splendid results obtained. I was not able to speak with any authority last year of the work done at Loverna but since last session I have made it my business to get first hand information in connection with that station. I am now able to report to the minister that it is doing splendid work, possibly better than the work done at Kindersley. This station is in charge of a very competent operator Mr. Robert Brumwell. He has been experimenting with brome, western rye and alfalfa grasses, as well as with different crop rotations. Perhaps the most important work carried on by Mr. Brumwell is in connection with soil drifting. He lives in that section of the province which is subject to considerable soil drifting, and he is carrying on his experiments without any financial assistance from the government. I understand he has a fifty-eight acre plot of ground which he uses for experimental purposes, and, if I am not mistaken, the regular rate paid by the government is $5 per acre. The soil drifting work is something which he is throwing in free of charge. In spite of the very dry weather which has prevailed in the country with accompanying soil drifting, Mr. Brumwell has produced an average of twenty bushels of wheat per acre over a five year period. He has also accomplished considerable in the growing of grasses in soils usually not suitable for this growth. Another important function of this station is the distributing of seed to

the people of the district. Last year Mr. Brumwell had a large quantity of 10-B marquis wheat which he distributed to the settlers. I have a couple of snapshots of this station which I shall send over to the minister. These show the shelter belt and the fruit trees which have been developed as an example to the people of the community. These snaps were taken during the field day held on July 27 of last year, and they give an idea of the interest the people take in that particular station. A few years ago the experimental farm at Scott supplied this supervisor with twenty turkey eggs. From that small beginning he has been able to raise the standard of the turkeys in that district with the result that in 1931 a carload shipped from Loverna weighed two pounds per turkey over the average for the province. The turkeys from the illustration station itself weighed two pounds per turkey higher than the rest of the shipment. The influence of this station upon the turkey business in that district is very remarkable. The field day last July was attended by upwards of 350 persons. According to the reports which appeared in the local paper as well as the report of the man in charge of the illustration station, these people spent a very profitable day inspecting the field plots, viewing the farm exhibit which had been sent down from Scott and listening to addresses dealing with gardening, soil drifting, weed control, the raising of turkeys and such like. Mr. Brumwell concludes his report of the work done by the station by saying:

> In my opinion the illustration station is the best method brought forward to date to help solve farm problems and bring reliable first hand information to the farmer.

Those words summarize the lengthy report made by Mr. Brumwell. I hope the minister will continue the illustration stations wherever good work is being done. As far as the two in my own district are concerned, I can speak most highly of what has been accomplished there.

Mr. McINTOSH: Do I understand that the total cost of all illustration stations in Canada is included in this item of $1,642,000?

Mr. WEIR (Melfort): Yes.

Mr. McINTOSH: What is the total cost of operating the illustration stations in the dominion?

Mr. WEIR (Melfort): $80,000 for 209 stations.

Mr. McINTOSH: The minister promised to establish a station at Hafford in my constituency; has this matter been settled as yet?

[Mr. Carmichael.]

Mr. WEIR (Melfort): My information is that it has been.

Mr. McINTOSH: What is the difference between the work done by an illustration station and that done by an experimental farm?

Mr. WEIR (Melfort): They are entirely different. The value of the work accomplished by an illustration station depends largely if not entirely upon the work of the experimental farms. The purpose of an illustration station is to illustrate to the people the results which have been obtained at the experimental farms.

Mr. McINTOSH: For instance in northwestern Saskatchewan or, for that matter, in northern Saskatchewan, we have an experimental farm at Rosthern.

Mr. WEIR (Melfort): And at Scott.

Mr. McINTOSH: That is pretty well south; I do not know whether you would include Scott in northern Saskatchewan. But there is a tremendous area northward that is developing very quickly, running from the North Saskatchewan river northward and westward, I understand that two years ago there was quite a demand for another experimental station north of the North Saskatchewan river and the opinion departmentally was voiced that in all likelihood that area would never get an experimental farm. What is the opinion of the minister as to that? That information came from some of the heads of the department.

Mr. WEIR (Melfort): I am sorry I did not catch what the hon. member said.

Mr. McINTOSH: In the part of Saskatchewan known as the northwestern part of the province we have illustration stations, I understand, at Spruce lake—that has not been closed—at Meota, a splendid illustration station under the guidance of Mr. Walter Tait, one of the best farmers in that part of the province; one at Glenbush under Mr. Grant, and another at Meadow Lake. Will there be any opportunity in the future development of that great part of the province, the most productive and coming part of it, for an experimental farm? Must that part of the province always put up with a small number of illustration stations, and is the statement made by departmental officials that the day will never come when there will be an experimental farm in that part of Canada, true?

Mr. WEIR (Melfort): I do not think any departmental official would be warranted in making such a statement.

Mr. McINTOSH: I believe the statement was made, but if the minister thinks it should not have been, I shall leave the matter at that. If it ever was made, I am here to refute it, I do not care who made it, because the day will come when that part of western Canada should have an experimental farm. It is the park area of northern Saskatchewan and it is quite possible to have there an experimental farm devoted to problems entirely different from those dealt with by a farm established in a differently constituted and differently cultivated area. The question ought to be an open one. I do not think all the evidence is in yet to justify anyone making a ridiculous statement of that kind; but if it actually was made, I shall take the answer of the minister to the effect that it did not mean anything. As I say, the question is an open one and we shall be looking forward at some time in the future to having —as we should—an experimental farm in that part of western Canada.

Mr. BOTHWELL: Some time last year the herd of cattle which the department had at Swift Current was removed to a farm in Alberta. I should like to know from the minister the reason for that removal and whether it is the intention to establish another herd at the Swift Current experimental farm.

Mr. WEIR (Melfort): Only part of the herd was removed from the Swift Current station. The work thus lost, if one considers it such, has been made up by feeding experiments that are being carried on there this year. Any results of experimental work that are obtained with reference to live stock in any of the experimental farms are, of course, made available to the Swift Current farm and from there, through the illustration stations surrounding it, to the farmers in that area. But we are carrying out there feeding experiments in connection with young lightweight cattle.

Mr. BOTHWELL: I understand the minister has received many protests from people in that area in connection with the removal of that herd. He says that only part of it was removed. My information was that practically the whole herd was removed. I appreciate the fact that the feeding experiments which have been carried on are valuable, but this government and, I believe, the Saskatchewan government as well, for some time have been trying to encourage diversified farming. When that herd was established at the Swift Current station, other experimental stations could get the benefit of the experiments carried on there. I should like to know the reason for removing that herd of cattle. On whose recommendation was it transferred? After the department has finished the feeding experiments, is it the intention to build up that herd again?

Mr. WEIR (Melfort): As regards the question of diversified farming, there are more cattle there now under experimentation than there were this time last year. We considered it advisable—and that was the recommendation made to me by my officials—that live stock breeding experiments should be more concentrated.

Mr. BOTHWELL: Did the recommendation for the removal of that herd come from the experimental station in Swift Current or from officials of the department at Ottawa or from officials of the station in Alberta to which the herd was transferred?

Mr. WEIR (Melfort): No request came from Lacombe. The recommendation came from the department at Ottawa.

Mr. BOTHWELL: Was there any recommendation from the experimental station at Swift Current?

Mr. WEIR (Melfort): I could not say.

Mr. BOTHWELL: Was the initial recommendation made from the experimental station at Swift Current?

Mr. WEIR (Melfort): The whole live stock policy on experimental farms is directed by the Dominion Animal Husbandman. He visits the farms in the different provinces, discusses with the men there questions of animal husbandry, returns to Ottawa and sits in with the director and other heads of branches. At that meeting the policy for the next year is evolved. In that way it was decided that the change should be made with reference to the herd at Swift Current.

Mr. BOTHWELL: I want to clear this matter up if I can. There has been a reoprt that the officials at the experimental farm at Swift Current were desirous of having those cattle removed. I do not believe that is the fact and I should like to get the minister's assurance to that effect, so that we may have it as a matter of record.

Mr. WEIR (Melfort): I would say without hesitation that is not the fact.

Mr. WEIR (Macdonald): May I ask the minister what work the Dominion government is doing in the way of experimentation in the control of grasshoppers with respect to both their active control and poisoning?

Mr. WEIR (Melfort): That comes not under the vote under discussion but under the entomology vote passed the last night we were in committee. Continuous studies are being made of the habits of various insects and it is only by such study that means of combating their spread and preventing constant damage can be evolved. There were men in the field practically all last summer, or at least during the period it was necessary for them to be there studying the life habits of those insects. From their observation and the knowledge gained, invaluable information will be given to the provincial authorities who, under the direction to a certain extent of our entomological specialists, will take all steps to avoid the damage which is anticipated this year.

Mr. WEIR (Macdonald): I realize that the item for the Destructive Insect and Pest Act was passed the other night, but this is really experimental work. Since that vote was passed, I have noticed a dispatch sent out from Ottawa with respect to the grasshopper situation in Manitoba. I have had two or three questions asked me by people in my constituency regarding this matter. The article before me is dated at Ottawa, and I suppose it came from the Department of Agriculture. It is as follows:

Ottawa, Feb. 28.—The prairie provinces are facing invasion. In Manitoba, particularly, will the brunt of battle be felt this summer. The enemy forces in that province alone will number at least 4,356,000,000,000. To combat that force "munition factories" in Manitoba are working day and night and a conference between provincial and federal strategists will be held in Winnipeg, on March 2, when the most intensive plan of campaign ever drawn up in Canada will be decided, it was announced by the Department of Agriculture Monday.

The enemy? Just the humble but destructive grasshopper. The munitions? Technically they are known as "bait," a combination of "half and half" sawdust, bran and sodium arsenite. The conference? Leading entomologists headed by Norman Criddle.

The war will be waged against a new army but it really is but a continuance of battles which have been carried on for some years against the pest. Last year the invaders claimed 20,000 acres of grain crops but the defenders protected and saved 1,000,000 acres through their preventive measures.

This year Manitoba is preparing for one of its worst invasions in certain areas. It will cost the province in the neighbourhood of $150,000 to wage a battle in an infested area estimated at 1,000,000 acres.

Incidentally the introduction of sawdust in the bait is a Canadian discovery which saved $40,000 last year and which is now accepted in all parts of the continent.

A word about the enemy. One grasshopper lays about 200 eggs at a time, repeating the process four or five times during the season. The eggs are sheltered in "pockets" which contain from 20 to 65 eggs each and it is estimated that from 100 to 100,000 eggs per square foot will be found over the infested area. It takes a grasshopper about 40 days to mature during which time it changes its coat five times before sprouting wings. Another month or two completes its life span unless it falls prey to the bait. Last year 140 bushels of grasshoppers were killed by this bait to one acre.

To provide the bait, 70 machines are in operation in Manitoba which turn out 100 pounds of bait every five minutes. Some are in operation day and night.

This report comes from Ottawa. I know that the province of Manitoba is expecting to spend $150,000, and local people are working day and night on their machines to save their crops. The question I should like to ask is: How much does the Dominion government pay towards such a campaign?

Mr. WEIR (Melfort): Nothing, so far as the material is concerned.

Mr. WEIR (Macdonald): What does the Dominion government really contribute? I think the minister must realize that the grasshopper invasion is really a calamity to the area affected, and my submission is that the dominion should come in and play a greater part than they do at the present time. This year I am afraid it will be far beyond the ability of the province or the municipalities to deal with the area which will be affected.

Mr. WEIR (Melfort): I think the hon. member will agree, that when he suggests the dominion is not making a contribution he has lost sight of the fact that it is perhaps making the greatest contribution, because were it not for the specialists from the entomological branch who have made such a thorough study in the laboratories and fields and are able beforehand to advise provincial government authorities of the danger, the location of it, when to expect it and its extent, those provincial authorities would be powerless. The policy which has been adopted for some time, and which in my view is a fair one, is that that is our contribution, but that the responsibility of supplying material and the necessary workers to do the actual labour is that of the province and the municipalities.

Mr. WEIR (Macdonald): I appreciate what the minister has said. I know of the very good work that Norman Criddle of Treesbank, Manitoba, is doing, because that gentleman happens to be in my constituency. I know he is cooperating with the provincial Department of Agriculture. Probably the minister can defend his position by saying that the dominion department is attempting to do scientific work. I submit, however, that when

the people see a statement such as I have read coming from Ottawa they have no appreciation of the Dominion government's share in the matter. I think the minister would be acting for the good of his department were he to emphasize to a greater extent the very valuable work Mr. Criddle has been doing in the province of Manitoba.

The CHAIRMAN (Mr. Bury): Shall the item carry?

Mr. McINTOSH: No. There are two more points I should like to clear up before leaving this item. I refer, first, to the intended illustration station at Hafford. The minister said it was practically in the same position as it was a year or so ago. May I ask him what his intentions are in regard to that station? I should like to say the minister very kindly investigated the possibility of an investigation station at Hafford, or had his department do so, and after investigation gave his word that there would be an illustration station at that point. When the minister has given his word to that effect I know it will be kept. I am asking him, however, if he has any further definite information on the point so that the Hafford district will know its position in that connection without delay.

Mr. WEIR (Melfort): The illustration station has already been established for this year on the farm of Mr. Hudek.

Mr. McINTOSH: Before the election of 1930, if I remember correctly, and my memory is fairly good, the previous government investigated the area westward from Meadow Lake towards the Alberta boundary line, and the area of country northwest of North Battleford, with a view to establishing an illustration station that would help farmers farm more successfully. There is an illustration station at Spruce Lake and one at Meadow Lake. West of Meadow Lake and north of Spruce Lake and North Battleford, there is an immense area of country, new productive agricultural land the importance of which, I believe, I called to the attention of the minister since his government took office. I am of the opinion he said he would investigate matters some time in the future. I am not sure whether any investigation has taken place or not, but I should like to know to-night whether the government has any intention of looking into that new area with a view to the establishment of an illustration station there in the near future.

Mr. WEIR (Melfort): Is Piapot in that district?

Mr. McINTOSH: No; I think the minister knows the area in question.

Mr. WEIR (Melfort): I know the district. There is another illustration station somewhere in that northwest area, and I was wondering if that was the one. However, I shall look into the matter and let the hon. member know.

Mr. HANSON (Skeena): I was not satisfied with the answer I received about the experimental farm in north British Columbia. Are there any experimental plots along the Canadian National railway between Yellowhead pass and Prince Rupert? If so, where are they?

Mr. WEIR (Melfort): Is the hon. member referring to an experimental farm or an illustration station?

Mr. HANSON (Skeena): Illustration stations. It would be in the Cariboo and Skeena electoral ridings.

Mr. WEIR (Melfort): The following illustration stations are on the main line; McBride, Prince George—there are two in the vicinity of Prince George—Telkwa and Vanderhoof.

Mr. HANSON (Skeena): I notice in Hansard for 1928 at page 575 Mr. Motherwell who was then Minister of Agriculture made a strong plea that something should be done in that part of the country. Also at page 577 Mr. Tolmie strongly advocated that something be done in that territory, which covers several thousand square miles. I may say that lately they have built at least one country elevator in there, and if given a little encouragement it will be a great country for home builders, which after all is what we are trying to induce people to become. I strongly urge the minister to give the matter his personal consideration. I know he has not been out there himself, but both his predecessors have been there and looked into it and I hope the present minister will do the same.

Mr. LUCAS: Some time ago information was given that a new grass was introduced that gives special promise for certain sections of western Canada, I think it was called crested wheat grass. Can the minister say what progress has been made with that, and if it is fulfilling its promise?

Mr. WEIR (Melfort): The results obtained from the grass known as crested wheat grass are very satisfactory. Pure line strains have been developed, and every possible means is being employed to propagate them and in-

crease them as quickly as possible. As soon as we have a quantity available it is distributed to three selected or recommended farmers in each of several municipalities on the understanding that they will either pay for it in two payments or else return to the department the same amount of seed, which in turn is distributed. That policy has been carried out on the recommendation of a committee consisting of members of the provincial and federal departments of agriculture. It is being propagated and increased very rapidly.

Mr. LUCAS: It is not open for distribution to individual farmers?

Mr. WEIR (Melfort): Oh, yes.

Mr. LUCAS: From the experimental farms?

Mr. WEIR (Melfort): One farmer in the southern part of Alberta—I do not recall his name—had a considerable quantity to sell this year, up in the thousands of pounds, of very high class crested wheat grass.

Mr. GARDINER: Can the minister give any information as to the value of this grass in comparison with others?

Mr. WEIR (Melfort): In nutritive value I understand that it ranks very high, if not at the top—that is in grasses as distinct from clovers. Not only that, but it is very palatable; horses and cattle prefer it, even when allowed to get quite ripe, to some of the other grasses like western rye grass. It also has the peculiar quality of being able to withstand drought even better than the rye grasses and brome. It becomes dormant during the long drought, and then responds very quickly to the least moisture.

Mr. KENNEDY (Peace River): Some of the experimental farms have been doing considerable work in connection with the testing and demonstration of machinery, how best to handle it, how best to hitch it up, and I think something in connection with the use of tractors. However, the fall in prices has put an end to the tractor business, we are back in the horse-power age. I have often thought that one of the things that disgusts a great many people in working horses is that they do not know how to handle them. Horses require to have their feet trimmed, and some of them get bad habits, and while there are well known and effective methods of dealing with horses that are what is usually called "mean," the knowledge is not generally distributed. I wonder if it would not be a good thing if some branch of the Department of Agriculture would undertake to collect in a bulletin and distribute to the farmers of Canada information as to how to trim horses' feet, how to make them lift their feet, and how to deal with horses that are hard to handle, kickers and so on. I believe it would be of very great help, because some people have literally been driven off the farm on account of their being utterly unable to handle horses.

Mr. WEIR (Melfort): I believe much information of that nature has been sent out. The hon. member, himself a farmer, will realize that in perhaps the majority of cases, at any rate in a great many, the trouble starts with the man who is handling the horse. However, it is a very good suggestion and we will look into it.

Mr. GERSHAW: To come back to the crested wheat grass, Mr. W. H. Moore of Bindloss sold some seed to the department, but his trouble was that he was left with a lot of seed that he could not sell. Can the minister tell me where he might find a market for it?

Mr. WEIR (Melfort): We shall be glad to look into that. I might say I helped him out myself to the extent of about one thousand pounds. That is the name I could not think of before. Professor Kirk I know has his name on his list, and I think the last time I spoke to him he thought he would be able to help him dispose of it all. But I shall be glad to refer it to him again.

Mr. TAYLOR: I would like to ask what is included in this vote for carrying out the work at the experimental farm at Harrow, Ontario, and what work is carried on at Harrow?

Mr. WEIR (Melfort): In the neighbourhood of $40,000. The chief work carried on there is in connection with tobacco, and also a great deal of work in connection with soybeans.

Mr. TAYLOR: At the time the station at Harrow was first established I believe that section of Ontario was perhaps the only part growing tobacco. Since then the Norfolk-Elgin-Oxford district has developed tobacco growing to a much greater extent, and in that section they are now producing almost all the tobacco grown in Ontario. There is a request from the growers of that section and from the board of trade of Delhi that the department establish a station at Delhi for experimental work. The soil and climate being different from those at Harrow, they feel it is very important on account of the large production of tobacco there that the department carry on some experimental work

in that county. I know that the minister has had a request for the establishment of a station at Delhi, and has had considerable time to think it over. I was wondering if he could tell us now his decision in the matter.

Mr. WEIR (Melfort): We have under consideration the establishment of a substation at Delhi. The district has been surveyed with the hope of obtaining a lease. It will be under the supervision of the man in charge at Harrow. It is very difficult to get men sufficiently well trained to undertake this work, and we feel that it is better when we have a man sufficiently well trained, to extend his usefulness as much as possible rather than to establish a new experimental farm.

Mr. TAYLOR: Who is the man in charge at Harrow now?

Mr. WEIR (Melfort): Mr. Murwin.

Mr. VALLANCE: Before this item passes, Mr. Chairman, following your decision that we should discuss marketing at this time I should like to ask the minister whether it is correct that the stockyards throughout Canada are under the control of the federal government and the Department of Agriculture. If that is so, as I think it is, I should like to direct the minister's attention to a condition which I pointed out to him some three or four months ago. Are the fees charged for the use of the stockyards the same in all cases regardless of who brings in the stock and in what manner it is delivered?

Mr. WEIR (Melfort): I thought the chairman ruled that these questions should be discussed under the live stock vote, which is where I think they should be brought up. However, I may say that we have made a very careful study of the whole stockyard situation during the past year. We feel that there is much that is not to be desired in connection with the way the charges are set out, but according to our information only two stockyards in the dominion are paying dividends. We sent out a letter asking the various stockyards to report as to whether or not they would make a voluntary reduction of ten per cent in certain charges, and in that letter it was intimated that if this was not done a further investigation would have to be carried out. To make it short, however, the point is this: I feel that the charges are too high, but my information does not put me in a position to take the responsibility of saying that they must materially reduce their charges, lest by doing so we might put some of them out of business. Until we get further information with regard to their finances I do not feel like taking that responsibility, but with that exception I have no doubt a reduction could be made.

Mr. VALLANCE: There is one point I should like to draw to the attention of the minister, and no doubt it has been mentioned previously. Let us take for example the stock yards of Saskatoon or Moose Jaw. To-day a farmer delivering a truckload of hogs to either of those stockyards is penalized, while a railway carload of hogs receives a certain consideration. As the minister knows, farmers living even some considerable distance from those two stockyards are trucking their hogs, and I should like to know whether the minister is aware of the fact that the farmer who delivers his hogs by truck is being penalized to the extent of one dollar per head. If the minister is aware of that fact could he say why that is being done?

Mr. WEIR (Melfort): I must say that I did not know of this practice. Does my hon. friend say that if a farmer delivers a truckload of hogs to the stockyards he is liable to that charge?

Mr. VALLANCE: Yes. Could the minister give the reason why that is so?

Mr. WEIR (Melfort): Is that where no service is given?

Mr. VALLANCE: Is this really a penalty imposed on the farmer; is it to prevent the farmer from delivering his hogs by truck or is it to encourage shipment over the railroads? In my humble opinion, Mr. Chairman, whether a farmer delivers his hogs by driving them ahead of him, as is done in Ireland, or by a truck or by the railway, there should be no discrimination. If this has not been drawn to the attention of the minister I think it should be looked into right away.

Mr. WEIR (Melfort): I appreciate having this drawn to my question. I cannot possibly see how it could be true that there is this discrimination, but I shall be glad to look into the matter.

Mr. VALLANCE: I can assure the minister that this practice was in vogue as recently as last summer, at all events. We are shipping hogs by truck from in and around the Luseland district, and the farmers are being penalized to the extent of one dollar per head because of that fact.

Mr. BRADETTE: Would the minister advise the committee how the vote for the Kapuskasing experimental farm this year compares with the vote last year?

Mr. WEIR (Melfort): It is practically the same amount, $40,000 to $41,000.

Mr. BRADETTE: I am quite free to criticize the parsimony of this government in that regard because when I sat on the government side I found it necessary to criticize the former government for not devoting a larger amount of money to that farm. We in northern Ontario received no benefit from the wheat bonus scheme because we cannot produce wheat, and the stabilization fund created under this budget in order to aid the exporter of farm products will not help us either. The only compensation we have in our part of the country is the Kapuskasing experimental farm, which formerly sold the settlers pedigreed stock and poultry, as well as the produce of the farm, practically at cost prices. Ever since I have been in this house I have had to criticize the Department of Agriculture for not giving that farm the amount of money it should receive, having regard to the large territory it serves and the great benefit it is to the people there.

The manager of that farm is well known to every settler in northern Ontario; I believe he is a personal friend of the Minister of Labour, and there is no doubt that he is the proper man in the proper place. I know he has always found it difficult to make both ends meet. When the big power plant and the Spruce Falls paper plant were being constructed some settlers resented the fact that the horses from the experimental farm were used in competition with the horses of the settlers, but on making inquiry I found that the management of the farm had to find some employment for those horses in order to balance the yearly budget. I maintain that this is not the way to deal with an institution of that kind. Having in mind the work that is being done in placing a large number of families back on the land in our section of the country; having in mind also the fact that most of our settlers find it impossible to go a long distance in order to obtain pedigreed stock, I believe the government should continue the practice of raising cattle on the Kapuskasing experimental farm. I understand that two years ago those in charge of the work of that farm had to curtail that work through lack of funds, and I plead with the Minister of Agriculture to have it undertaken again. Surely the federal treasury should find it possible to look after the requirements of our fine agricultural population in northern Ontario.

As I said a moment ago, Mr. Chairman, the legislation that has been brought forward in this parliament during the last three years may have proved beneficial to other parts of the country. We do not quarrel with that; we are satisfied that $8,000,000 or $9,000,000 should be given the wheat growers of the west, and we are satisfied that the primary producers of eastern Canada as well as of the prairie provinces should benefit to the extent of millions of dollars under this stabilization scheme. But I could easily prove that that will not be worth anything to us, because we are not on an export basis. Surely the Department of Agriculture could find it possible not only to maintain the present activities of the Kapuskasing experimental farm but to enlarge them considerably. It would be money well spent. Most of our settlers are not yet farmers and they need pedigreed stock to start new herds, but they cannot afford to come down here and bring them back and pay travelling expenses. In the past, and I give the government credit for this, the experimental farm at Kapuskasing has found it possible to sell at cost price poultry, chickens and hogs, and that has been very beneficial to our section of the country, but under this vote that farm will find it absolutely impossible to continue those activities. I hope the minister will take my plea into serious consideration and find it possible to increase the vote on account of the situation with which we are faced in that part of the country.

Mr. WEIR (Melfort): With reference to the hiring of horses in the lumber camps, that has not been done in the last two years. So far as reducing the herd of cattle is concerned, as the pure bred stock increased in numbers the grade cattle were disposed of. We are in a position so far as live stock is concerned to give the same service as we have given in the past. I am sure that those in charge of the experimental farm will appreciate this commendation of the work they are doing, especially of the distribution of the best blood lines of live stock to the settlers at cost price.

Mr. McINTOSH: May I remind the minister of two angles of the problem which he said he would try to work out in the area of country which I described lying west of Meadow lake and northwest of the end of steel between North Battleford and Edmonton. The minister was kind enough to say that he would investigate the possibilities of that area

to see whether it merited the establishment of an illustration station. The two angles of that question which I would like to bring to the minister's attention are these. First, before the minister makes his investigation, when he goes to his department and digs up the report made in 1930, may I impress upon him the importance of putting aside the idea of political bias found or intimated therein. I understand the statement has been made that because an election was coming on in 1930 a political investigation was asked. I refute that statement. There was nothing political about it. The investigation was made because that area of country was developing and I thought the investigation should be made as a consequence. I hope therefore that the minister will pay no attention to that report when he lookes it up, if he does, before he makes his investigation. Secondly, when his investigator goes into that area he will find sixty-nine miles of railway grade which has been graded for the last two years and which has not one foot of steel on it yet. He will see the ties rotting by the wayside and the grade itself crumbling to pieces. But I would ask the minister to impress upon his investigator that he should not get frightened by those facts, should not allow them to colour his report, but should send in a straightforward report of his investigation of the agricultural possibilities of that part of the country, its farming potentialities, and what it merits as compared with other parts of the province.

Mr. SPEAKMAN: How much was spent last year by the experimental farm at Lacombe, Alberta, and how much is it proposed to spend this year?

Mr. WEIR (Melfort): Last year $42,500, and this year approximately the same.

Mr. SPEAKMAN: I am glad that the amount is not going to be reduced. Indeed, I hope the time will come when the expenditure may be increased. That farm is no longer in my riding and therefore I cannot speak for it as its representative, but it is within twenty miles of my own home and I continue my practice of visiting it two or three times a year and going over the place in a businesslike way to find out how much money is being spent, whether it is being spent to the best advantage, and where money might be saved.

There are two or three lines of work being carried on there which are very beneficial. First I would mention the number of meetings which are addressed by the superintendent and his staff. They are almost as much embarrassed in that respect as members of parliament, although I believe they are even more popular than many members of parliament. It is a great tribute to their work that they should be asked every year to address an increasing number of meetings. When you add to that the fact that their correspondence is equal almost to that of a department of government and is extending over wider and wider areas, I think that may be taken as a fairly good criterion of the value which the people of that district attach to the work that is being done. One particular piece of work is carried on there in cooperation with the elevator companies—I do not know whether it is done in other parts of Canada—which to my mind is a very splendid piece of work. Different elevators are cooperating with the farm and taking from each farmer's wheat as it is hauled in a fair-sized sample of the typical wheat that that farmer sells, and asking him whether he intends to sow that again next year. Then these different samples are sown in small plots on the farm—the farmers whose samples are planted are not known to the superintendent by name at all, each farmer being given a number. When the farmer goes to the station in the fall he can see there his own sample growing alongside samples that have been sent in by other farmers, and when the big field day comes, much interest is taken by hundreds of farmers who come to see the results in their plots, and compare them with that of their neighbours. They can see whether they are getting a mixed grade, or whether their grain is dirty or weedy. To my mind that is one of the most useful pieces of work that can be done, and it certainly is resulting in a great many of the farmers discarding their own seed and getting better seed.

I have always been a very strong supporter of the experimental farms even in times of economic stress, because I realize, as most farmers do, that no matter what the economic conditions may be and no matter what the market price, the basis of a good price, the foundation of success, must commence with good seed grown under proper conditions and in a proper way. I just wanted to add my tribute of praise to the work which the experimental farms are doing. We on this side usually criticize the government because that is the duty of members on the opposition side, but I have kept very close watch on the work that this particular farm has been doing for a good many years now, both under the present minister and the former minister. I cannot say that the work is improving particularly because it was always good under both ministers, but the work is certainly being

increasingly appreciated by the farmers, and in spite of the hard times I am sure that the expenditure there is as popular an expenditure, even with the farmers, as could possibly be made by the minister.

Mr. WEIR (Melfort): I think my hon. friend from South Battleford a few moments ago said that the penalty was one dollar per hog.

Mr. VALLANCE: Yes.

Mr. WEIR (Melfort): My information is that at one time there was a charge of one dollar per truck, which would work out to five cents a hog, because the stockyards felt that there was more work in handling hogs unloaded from trucks. I could not say whether or not that is still in vogue, but I shall investigate to make sure.

Mr. VALLANCE: The itemized particulars were handed to me just before I left last fall and I really left the chamber to get them. However, I was not able to locate the information.

Mr. McINTOSH: There is one more question I would like to ask in connection with live stock.

The CHAIRMAN (Mr. Bury): We have two items covering live stock and unless it is intended to exhaust this whole matter at this time, I would suggest to the committee that further discussion upon live stock be postponed until we reach those items.

Mr. McINTOSH: Very well.

Mr. MOTHERWELL: A very promising rust resistant wheat was developed at the rust laboratory at Winnipeg and I was wondering if any further progress has been made. It would mean a lot to the farmers if a good rust resistant wheat with sufficient quality of grain and straw were discovered. Is this rust laboratory still under the Department of Agriculture, or has it been changed over to the National Research Council? I frequently see items in the press, especially the Winnipeg press, giving interviews with Doctor Tory after he has made a visit to this laboratory, which leads one to believe that this rust research work is under his charge. Has there been any change in the administration of this laboratory?

Mr. WEIR (Melfort): Excellent progress has been made in the development of a rust resistant wheat. Six strains have been developed which are not only rust resistant but which have been found to be quite high in yield, and baking quality. These strains are being increased this year under close supervision and it is hoped that some will be available for distribution next year. As the hon. member knows, the greatest precaution must be taken with these wheats. Publicity cannot be given to their development, lest people try to get a few odd heads and try to multiply them without knowing just exactly what they are. As far as the supervision and administration of the rust laboratory is concerned, the building was built by the Department of Agriculture and I understand that every official is paid from the vote of the department. I do not know of any contribution received from outside the department.

Mr. MOTHERWELL: What is happening in connection with the poultry disease known as pullorum? We do not hear so much about this work these days. This is a very malignant and contagious disease and I should like to know if its spread has been limited to such a point that no further attention need be given to it; or has this work been taken over by the provincial departments of agriculture?

Mr. WEIR (Melfort): At the conference in Toronto and at later discussions a definite policy was discussed with the various provinces. They have practically all agreed in principle to cooperate with the federal government in order to carry on this work at the minimum cost.

Mr. MOTHERWELL: The hon. member for Skeena (Mr. Hanson) has pleaded long and earnestly, as did his predecessor, for an experimental farm along the old Grand Trunk, as it is called, east of Prince Rupert. My predecessor and the minister's predecessor both gave some assurance to the people out there that the next experimental farm would be located in that territory. That may not have been a wise promise to make but in any event the next farm has not materialized. It is something like to-morrow which never comes. In view of the shrinkage in finances, I would make the suggestion that log cottages and barns be erected in this territory which could be used as pioneer buildings for a future experimental farm layout. There is plenty of timber suitable for construction purposes and the minister and his staff could lay out a farm at very small expense. These would be only log buildings but the times through which we are passing make me think that perhaps we will have to go back somewhat to pioneer days. All that would be necessary would be two or three good axemen and some loggers to get out the timber. Not only a house but a barn could be erected to act as an example to the community. I do not insist that the minister make a reply just now, but I leave

this suggestion with him. I was glad to hear the hon. member for Kindersley (Mr. Carmichael), the hon. member for North Battleford (Mr. McIntosh) and others, speak so highly of the work of the illustration stations. What was the maximum number of these stations?

Mr. WEIR (Melfort): There were 241 at one time.

Mr. MOTHERWELL: How many are there now?

Mr. WEIR (Melfort): There are 209.

Mr. MOTHERWELL: That is not getting more fast. I have no doubt that it has been found that some of these stations were not very active. The value of the work performed is dependent largely upon the character and the ambition and resourcefulness of the man in charge, and no doubt certain stations have to be dropped from time to time. The total number of these stations should be kept up however and not to do so is just another illustration of the penny wise and pound foolish policy of the government in cutting the agriculture estimates. As I have said before, this cannot be done without great sacrifice to agriculture. I do not altogether blame the minister because I know what it is to be in a cabinet of sixteen or seventeen. Every minister wants to get his arm into the bag up to his shoulder, and the other sixteen see to it good and plenty that the seventeenth does not get in too far. I urge that the estimates of the Department of Agriculture be spared. A number of instances have been cited to-night where important services have suffered because of this foolish and unwise policy of saving a few pennies and losing many pounds. I draw this matter to the attention of the three or four colleagues of the minister who are present to-night. I know they all think that they have to rustle for their own but they should remember that agriculture supports and employs nearly half the people of Canada, and feeds them all. That department should not be niggered down the way it has been during the last two years.

Now, a word more cheerful than that. Our interest in Reward wheat has not slackened because of the other rust resistant one that is being developed at Winnipeg. Reward wheat has itself a substantial amount of rust resistance. I think I could ask, without fear of causing too much of a rush: Is this strain sufficiently multiplied to let it out to individual farmers?

Mr. WEIR (Melfort): Next year we hope it will be.

Mr. SPEAKMAN: I wish to say one more thing I had in mind with respect to the Lacombe farm, and what I say as to it will apply to others, but I speak with greater knowledge of it. In view of the statement made by the Minister of Finance as to the ten per cent cut to be made on these estimates when they come to be spent, may I ask the minister to take this farm into special consideration when the question of cutting the vote for experimental farms by ten per cent comes up. There are some—and no doubt the minister knows of them—where expenditures could be cut without impairing the service, but I can give it as my definite opinion, for what it is worth, that to make a cut on this farm, with which I am more familiar, would mean reducing efficiency and service, because I believe the men on it are now giving every dollar of value and every hour of service they can. To make in this case the ten per cent cut threatened would simply mean reducing the efficiency of the service by at least ten per cent, and in these days when farms should be run better than usual and not worse, we cannot afford any reduction in efficiency.

Item agreed to.

Health of animals, administration of the Animal Contagious Diseases Act and the Meat and Canned Foods Act, $1,817,991.

Mr. BROWN: The minister of course is aware that many rumours have been circulated as to the way in which this health of animals branch is to be treated. Is he aware of the rumour that it was to be joined up with the live stock branch Would he allay the fears of the people of Canada by making a definite statement of his policy in regard to the matter? We only hope the reported statement is not true.

Mr. WEIR (Melfort): I do not know to what particular rumour the hon. member refers, any more than that there was an indefinite statement that the health of animals branch was in some way to be allied with the live stock branch.

Mr. BROWN: That is the statement.

Mr. WEIR (Melfort): I do not know the details of the rumour. I saw in one of the western papers a report in which it would take a great deal of painstaking investigation to discover any item of truth, it was so absurd. Perhaps there are things that might be much more unnatural than the closer association of those two branches, even making into one branch, because work in connection with health of animals has to do almost entirely

with the question of live stock. It was stated, for instance, in one of the reports, that it would be a mistake to put the health of animals branch under a layman. As a matter of fact it has been under one layman or two laymen for quite a number of years. It is under the deputy minister, who is a layman, and it is also under the Minister of Agriculture. Surely no one would object if it were decided to put it under the live stock commissioner; it would not lose anything in that connection, especially if it retained the same specialists as it has at present in charge of it. A good deal of thought has been given by the heads of both branches as to how they could amalgamate some of the services, for instance, in the city of Moose Jaw, the hog graders and the stockyard agents who are under the live stock branch and the stock car inspectors and some other officials who are under the health of animals branch. But I can assure hon. gentlemen that no one in the house is more anxious than I am, for the sake of the live stock industry, to retain to the full the efficiency of the health of animals branch and in any way that we can to increase that efficiency. Practically my whole stake in agriculture is in live stock, and perahps it is because of the work I have been carrying on in that connection, the consideration and investigation of the whole problem, that some of these unwarranted rumours have arisen by people being overanxious to criticize, regardless of the false statements they may make through the press, upsetting the public. So far as I am concerned, in connection with the health of animals branch or the live stock branch, nothing will be done that will in any way lower the efficiency of those connected with the live stock industry.

There are, however, problems with which we are confronted. As the health of animals branch extends its scope and therefore is forced to take on additional staff and to undertake work that previously had been done by private practitioners, the tendency is to drive the private practitioners out of business. The most important thing, perhaps as important as the health of animals branch, is that we should retain and encourage in all parts of the dominion where live stock are found, the highly efficient services of private practitioners. That has been the chief line along which our investigation has taken us. We think now we have reached a conclusion as to a method by which some of the work of the health of animals branch can be done by private practitioners as cheaply as, if perhaps not more cheaply than, it is being done at the present time. In this way we shall safeguard the work by having private practitioners, who wish to avail themselves of this work and the remuneration in connection with it, pass examinations set by the veterinary director general and his staff. Their work will be carried on, as it is at present, under the veterinary director general. Our veterinary colleges are now being attended by too few men and the brightest young men who attend those colleges are, because they are bright, absorbed by the health of animals branch as soon as they graduate. They might have a great future if they went into private practice, but we hope to make the remuneration better for them. As I say, because they are bright, we take them into the health of animals branch in various capacities, and their work there, although of importance, is to a great extent routine. Therefore they are not developing their abilities and their value to a large degree is lost to the live stock industry of the country. That perhaps is the most important statement I would have to make in regard to some reorganization that may take place.

Second, it is felt that we can combine under a common head some of the work that is being done. For instance, in British Columbia or Saskatchewan or Alberta there is a district inspector who is in charge only of men doing field work, that is veterinaries who are situated at boundary points or are doing work such as tuberculosis testing or other work. Besides that there is under the health of animals branch another group of men such as meat inspectors, stock car inspectors and so on. They are not in any way subject to the man who is in charge of the field men, but have another head. After full discussion we have felt it is only logical that the one man should be sufficiently qualified to look after both branches because in the province of Saskatchewan I believe there are at present eighteen field men, four of whom are boundary point men. So that there are really only fourteen field men left, and to supervise those fourteen there is another man whose work is not to go into the field and do actual field work but to administer the office, with the assistance of a clerk and a stenographer. We think he should do that work well and in addition supervise the other work, which would make the health of animals work in the province just as efficient, and probably more so in that it would be under one head.

It would also make it better for people making inquiries because they would know where to go. Sometimes serious mistakes are made, not particularly in this connection but in the various branches of agriculture, because information has been received from the wrong

person. For instance, we have located in Vancouver various offices for the different branches of agriculture. One man told me it would take him a full day to visit all those offices if it were necessary for him to do so, because they are in different parts of the city. A man who wanted information regarding the importation of wheat went to the health of animals office and asked with what conditions he had to comply before importing. The answer was that as long as it came in new sacks it would be allowed in. The result was that a very considerable shipment of wheat was made, complying with this provision for new sacks, but when it arrived at Vancouver it could not be unloaded, because in the first instance the man had not gone also to the entomological branch. He should have gone there also and inquired what regulations they had governing importations. These provided that it was necessary to have a certificate from the Australian authorities to the effect that the shipment was free from flax smut.

That is the general line along which we are working in connection with the reorganization of the health of animals branch and live stock branch. The one guiding principle is that there shall be full discussion of every related question, and only after that shall we do what we decide is in the best interests of the live stock industry without lowering its efficiency.

Mr. BROWN: I am glad the minister has announced his policy of giving consideration to local practitioners. It is a matter of serious concern in farming communities today that under present conditions we are threatened with losing the services of our skilled veterinary surgeons. The increasing use of the automobile and the prevailing hard times have made it very difficult for local veterinary surgeons to live decently, and I believe it would be in the interests of the department as well as of the rural communities that the services of these men should be utilized as far as possible in doing departmental work. I believe the work could be done as efficiently by these men as by any others, and we would be assured that rural communities would not be deprived of a very necessary service. I know veterinary surgeons have felt the matter very keenly. I have had representations from a number of them asking that the testing of cattle for the establishment of restricted areas might be committed to their care. If a man kept himself abreast of the times, there is no reason why he should not be able to perform the work as efficiently as the men sent out by the department.

Mr. McKENZIE (Assiniboia): Like the hon. member for Lisgar, I heard the report that there was to be a merger between the health of animals and the live stock branch. I am pleased to hear the minister's explanation. What I am about to say I do not think I need direct particularly to the minister, because I know he is very much interested in the live stock industry. I wish merely to draw attention to the importance of the health of animals branch. This is a branch which after a great many years has been built up. It was begun by Doctor Rutherford a number of years ago, and through his efforts an efficient staff and organization has been created. I believe if there is any change in or interference with the work of the health of animals branch it will be resented throughout the country.

A moment ago the minister said he had had representations stating that laymen should not be placed in charge. I realize that that is so, and that only the most qualified veterinary surgeons should do the work of the health of animals branch, or be at the head of it. I should like to turn to the report of the Minister of Agriculture for last year. At page 87, with reference to the foot and mouth disease, he states the following:

> Foot and mouth disease continues to be prevalent on the continent of Europe and in many other parts of the world, and the insidious nature of this infection makes it necessary to take the strictest precautions to exclude it from Canada.

Foot and mouth disease has never prevailed in Canada. There have been many outbreaks in the United States at various times, but it has never been allowed to come into Canada. Hon. members who have the report of the minister may read at page 88 some of the precautions taken during the last outbreak to prevent the germ entering Canada. I do not believe the precautions were unnecessary, by any means, because this is a most virulent disease. I attended a veterinary college and graduated about thirty years ago, and I want to say to the minister that I do not agree with him when he states that young men should be encouraged to go into the rural districts and try to make a living from a veterinary practice, because the ones who are in practice are finding it very difficult to exist under present conditions. Twenty-five or thirty years ago in the part of the country in which I was practising it was quite common for me to run into a case of glanders. I have known twenty or thirty horses to be killed by that disease in a small district inside of one year. Around

about 1906, 1907 or 1908 the compensation paid for glanders alone was about $40,000 or $60,000 each year. The minister's latest report, which I have before me, shows that last year in all of Canada only one animal was killed. Just think what that means! It means that glanders has been practically exterminated from Canada.

Mange is another disease with which we have to contend. It was quite prevalent in western Canada, and although not as fatal as glanders among horses and cattle, still it caused a great deal of loss. From the report before me I find that to-day there is very little mange among horses and cattle in Canada. This is important not only from the standpoint of a reduced loss of stock; we must think of the serious results that would follow if the foot and mouth disease became prevalent among sheep and cattle in Canada. It would mean not only the loss of animals but the loss of markets, because probably for a long while we would be excluded from the markets of the world. If there is any curtailment of the work of the health of animals branch I am afraid that when there is another outbreak of foot and mouth disease in the United States—because they seem to come quite frequently—it will come in this country as well. The value of live stock in Canada in 1929 was something between $800,000,000 and $900,000,000; to-day it is probably not more than half of that. The compensation being paid to-day is low compared with that of a few years ago, largely due to the activities of the health of animals branch. It is a very efficient department, and I hope that members of this house will not be carried away with the idea that there is any advantage in curtailing its support. It would be a disaster to Canada not to continue to guard against diseases of animals as we have in the past.

Mr. REID: I wonder if the minister has any information regarding research in the Fraser valley in connection with a disease peculiar to cows there, how far it has progressed and what has been done.

Mr. WEIR (Melfort): It has been demonstrated that it is not contagious. We have not been able to decide yet whether or not it is due to a deficiency in the food in certain areas.

Mr. REID: Then I want to refer to a disease of poultry that I believe should be investigated by the Department of Agriculture. As the minister well knows, British Columbia is peculiarly adapted for poultry raising. It is the only province, I believe, that has gone in for poultry in a specialized way. In other provinces poultry is a side line, but on the Pacific coast it is a highly specialized industry, particularly in the Fraser valley and on Vancouver island. We have been baffled there by a disease known as poultry paralysis, and it seems to me that the research work in that connection should be handled by the Department of Agriculture. In the past a little help in the way of money was given by the National Research Council to British Columbia university, and some work was done there in an attempt to find out more about this disease. No one knows its origin; they do not know whether or not it is contagious, but when it strikes a flock hundreds of fowls will die in a night. We heard in the early part of the evening discussions of a grant of $10,000 and of inspectors and professors being sent to various parts of the country conducting investigations about apples. But here is something affecting an industry in which thousands are engaged, hundreds in the Fraser valley alone, and we believe this should be under the Department of Agriculture and that an appropriation should be given to carry on this research work until the cause and cure of this disease are discovered. At present we have to go to the Department of Trade and Commerce and ask them to be good enough to put through a vote from the research council. I plead very seriously with the Minister of Agriculture to help this work, because it is very, very important to the poultry producers of British Columbia.

Mr. WEIR (Melfort): Some five or six years ago the British Columbia government through the university asked that the National Research Council undertake the investigation of this disease. Wishing to avoid duplication, our health of animals branch has not undertaken it. But I will take into consideration what the hon. member has said, although I do not yet very well see how we could interfere in work that they have specifically asked another organization to undertake.

Mr. REID: The reason I ask is that I believe for two years some financial help was given through the research council to the university, but it was stopped last fall. It was said that retrenchment was necessary and they felt they could not carry on any further. They also said that the research work had been carried out but no information had been obtained. I believe that is a very poor excuse, that just because no results had accrued they were stopping the work. I maintain

that this work should be carried on by the health of animals branch. Surely there can be no conflict of jurisdiction in the matter of diseases of animals.

Mr. RHEAUME: Why has the minister reduced by $255,000 the estimate for health of animals?

Mr. WEIR (Melfort): It was felt that there was sufficient to keep the staff occupied in such work as retests. It is the conduct of initial tests that really takes the money.

Mr. RHEAUME: Tests were made in 1930 in St. Johns-Iberville and in the constituency of Laprairie-Napierville and neighbouring districts. Why have no tests been made since 1930?

Mr. WEIR (Melfort): The size of staff has been the chief reason why we have not got at it. We are going at it this year, and also in other areas, especially where the first test had been very heavy. In one district, for example, the first test showed around forty per cent reactors, indicating that the disease was very prevalent, and we feel that that territory should be checked very closely. There are other territories where the initial tests showed a very small prevalence of the disease. That is the general policy of the branch as to the order in which they do these tests. But I am informed that St. Johns-Iberville is to be one of the first areas to be retested this year.

Mr. RHEAUME: I know there is a lot in Chambly-Vercheres, Laprairie-Napierville and Brome-Missisquoi. I do not know why the government spent so much money in 1928-30 and did not go round each year following. I think it is best to watch that test to get good results.

Mr. BRADETTE: Speaking of the tuberculin tests in northern Ontario for the last three years, the municipalities getting the milk from the farmers have been asking for the test, and as we do not belong to any federal zone it means that the tests are sometimes not very satisfactory to the settlers on account of the fact that the veterinarians are not under the jurisdiction of the federal government. It is true that the stock which is rejected could be sold to some packing house in Toronto, but I remember the case of my own brother who sent twelve head of cattle and received a cheque for fifty cents each, showing that it is an absolute loss to the settlers in our section. Of course the municipalities have a perfect right to a supply of milk free from tuberculosis, but the federal government, considering that they are not creating any new zones, should find it possible to have at least proper inspection. I refer to the fact that we have a certain doubt of the ability and capacity of some of the veterinarians coming out there. Some of them will say it is a simple test, but that does not satisfy the settlers unless they know he is a man officially appointed by the federal government. I believe this anomaly should be corrected now. If it is not possible for the government to establish these tuberculin zones, which I believe to be the solution of the problem, at least they should have one or two well qualified veterinaries who could be given certificates from the federal government conferring the right and power to make these tests. There is one man whose name I cannot remember at the moment who said he was fully qualified to do this work. I do not doubt his qualifications but his tests were not satisfactory to the people because he did not have a certificate from the federal government.

This is a very important matter to our section of the country. I know of one man who lost seventeen out of twenty-two animals in one examination, and that shows how far tuberculosis has spread in northern Ontario. When one remembers that the original settlers had to buy scrub stock from the older part of Ontario it will be seen why this is so, and this means so much to our settlers and to the milk supply of the centres of population such as Timmins, Kapuskasing, Cochrane, Kirkland Lake and so on, that I believe the federal government should take a hand. I repeat that I think the best solution would be the establishment of a zone embracing the whole of northern Ontario, but if that is not possible then it is the duty of the federal government to see that proper inspections are made.

Another anomaly, due to the fact that we are not in a tuberculin zone, is that the people who do not supply milk to the different centres of population need not have that inspection; it is optional. A herd which has been duly tested and weeded out may be contaminated by a neighbouring herd, so that it will be polluted again in a year or two; this has happened in several instances. It is the duty of the federal government to see that our section of the country, which is still in the pioneer stage as far as agriculture is concerned, gets proper inspection and that good herds are maintained. I hope the Minister of Agriculture will find it possible to say that this situation will be remedied as soon as possible.

Mr. WEIR Melfort): There is one step that can be taken other than the municipal testing plan; that is, if the municipalities would insist on receiving milk only from tested herds. I refer to the supervised herd plan. If the municipality passes a by-law insisting that only milk from tested herds will be accepted, any farmer wishing to supply milk can make application to the health of animals branch to have his herd tested under the supervised herd plan. At the present time that service is given free, and at the same time the farmer agrees to keep his herd from contact with other herds in order to prevent the spread of the disease.

Mr. BRADETTE: The minister knows it is absolutely impossible to prevent that contact during the summer months when the herds are in pasture.

Mr. WEIR (Melfort): In common pasture?

Mr. BRADETTE: We have no common pasture, but I believe the zone should be established because of that very fact. I might have my herd tested; if my neighbour does not have his herd tested there is bound to be contact during the summer months and probably I will sustain a heavy loss in a short period. That is why I believe it should be a general rule. The minister can readily understand that the by-laws of a municipality apply only within that municipality. If some municipality obtains its milk from surrounding townships, as is the case in Cochrane, they may get polluted milk under present conditions. I believe it is within the power of the federal government to create a general zone, at least as far as inspection is concerned, so that the people who have gone to the sacrifice and expense of weeding out their herds may have their stock protected to that extent.

Mr. MOTHERWELL: I should like to revert to the question raised by the hon. member for Lisgar, the answer to which I did not interpret quite as he did. The minister was very explicit in denying certain alleged statements which appeared in the western press, but he was not so specific in assuring us that after all there was not something in this proposed merger of the live stock and health of animals branches. I felt that I could detect some reservation in his statement.

I was not quite satisfied with the answer given by the minister. We all know that the paper referred to was the Winnipeg Free Press and that the reporter and editor was Miss Cora Hind. These are two quite responsible authorities, especially the latter, on live stock and field agriculture. I am not so sure that it is enough merely to denounce the rumours and reports which appeared in that newspaper, without some further assurance than the minister has yet given. The minister said that possibly a closer cooperation between those two branches might be encouraged to advantage. At one time they were together, but in practice it was found that while both have to do with live stock they view that question from entirely different angles. From the standpoint of the live stock commissioner live stock has to do with the breed and breeding, the marketing, the conformation and so on, while from the standpoint of the veterinary director general live stock has to do with the health of animals, the wiping out and exclusion of contagious diseases and kindred problems. The veriest scrub animal, so long as it has horns, hoofs and tail, can carry disease just as easily as a good animal, and so I think these two branches are sufficiently dissimilar to be kept quite distinctively apart.

Perhaps I am a little suspicious in this matter; I have no occasion to feel that way as yet, because the minister has left the department pretty much as he found it. I have great respect for those who preceded me in the department, particularly the late Doctor Rutherford, who was regarded by all as an authority on live stock and who was a prominent veterinarian both nationally and internationally. But it does not follow that some of us may not be able to improve even on his administration. First, however, I want to understand just what is to be done by way of suggested improvement before I agree that there will be any improvement on Doctor Rutherford's work, and I have not seen that yet. Doctor Rutherford took the ground that these two branches should be kept apart. There is even a certain amount of friction between them, not of an unfriendly character, but for the very reason, as already intimated, that their points of view are entirely different. I have known them to take absolutely different views on a given case though they were not at all unfriendly to each other.

If the question of animal health or disease should be determined finally by the live stock commissioner, how would such a certificate be looked upon in other countries or even by live stock men of our own? The live stock commissioner is not a veterinary practitioner and does not pretend to be, although a good live stock man. He may be a first class man in other respects, but if he is to be the predominant figure in these two branches I say that we shall lose the standing which the

health of animals branch now enjoys under the veterinary director general of Canada. The minister will possibly agree with that.

May I also say a word relative to what my hon. friend from Assiniboia mentioned about private practitioners. Why should the minister be so anxious about that? It would be nice to have a lot of private practitioners, but just now most farmers would take a chance doctoring their own animals rather than hunting up a veterinary and have him treat them and have to pay him. To employ a veterinary is undoubtedly the best practice as a general rule, but the thing is to pay for his services But that is not the point I wanted to discuss. How in the world is the federal department going to have control over private practitioners? It is sometimes hard enough now to discipline the men in the department, but how can you control private practitioners whom you are going to employ to do this, that and the other thing? That question has always been up. It is not a question of to-day or a question of yesterday; it has been a question ever since there was a branch, and the position always taken was that the only way we can control practitioners in the health of animals branch is to have them right in the employ of the department, giving their services to the state, and being amenable to discipline. After all, private practitioners are outside the purview and prerogative of the dominion. It is entirely a provincial matter. The practitioners get their certificates and degrees from the university of the province or from the organization to which they belong. In Saskatchewan it is the university that gives the degree, and the practitioner usually, but not always, practises in the province where he got his degree. It is purely a provincial matter, and while we are all interested in it as citizens of Canada, we have no particular need to worry about it when we are discussing these federal estimates. As a matter of fact, it has always been a great incentive to private practitioners so to perfect themselves in their own business that they may qualify themselves to graduate into the federal arena and into federal employment. It is a prospect to which nearly all of them look forward, just as the average lawyer looks forward some day, as I think you will agree, Mr. Chairman, to gracing the woolsack, and in the process he becomes a better lawyer.

Some hon. MEMBERS: Carried.

Mr. MOTHERWELL: I was pretty nearly through, but I want to hear more from the minister. It is almost eleven o'clock and perhaps he prefers to defer his answer to another time. With regard to his policy, he is on safe ground if he leaves it just the way it is.

Mr. WEIR (Melfort): I doubt if I can make it any clearer than I did. One hon. gentleman opposite has made it very clear that the work of the health of animals branch is perfect now and that it could not be improved by any change.

Mr. MOTHERWELL: Which one was that?

Mr. WEIR (Melfort): The hon. member for Assiniboia.

Mr. MOTHERWELL: Because he misunderstood the minister.

Mr. WEIR (Melfort): No, he made that definite statement regarding the health of animals branch, and the hon. member for Melville, if I remember correctly, stated that there should be some improvement along with the general advance upon scientific lines.

Mr. MOTHERWELL: I agree with that.

Mr. WEIR (Melfort): The statement I made I think was perfectly clear, that the heads of the two branches, together with the deputy and their assistants and myself, have gone into this thing very fully with a view to seeing in what respect we can amalgamate certain branches of the work without any loss of efficiency, and whatever steps are taken will be taken with this thought in mind, not in any way to decrease the value of the health of animals branch, but if possible to make it even more efficient by an amalgamation of the services and by frank discussions between the heads of branches.

Mr. MOTHERWELL: If there is going to be any form of amalgamation it will decrease the efficiency, because the health of animals branch enjoys in a peculiar degree not only the confidence of our own people but of other countries as well. It is internationally known, and if you merge it with something else presided over by a layman it is going to lose its present standing in other countries.

Mr. McKENZIE (Assiniboia): There seems to be a slight misunderstanding between some of my colleagues and myself with regard to just what the minister did say in his first statement, and he has not clarified it in the statement he has just made, particularly when he said that the health of animals branch was now under the control of a layman. Has the government in its mind the idea of putting a

layman at the head of the health of animals branch? That is what we would like to know. If such is the case, I do not believe the people of western Canada will stand for it.

Mr. WEIR (Melfort): I made it as clear as I possibly could, so far as my command of simple English goes, that the report which I read in one of the western papers—I am not sure whether it was the Winnipeg Free Press or not—stated that the specialists at the head of the divisions of the branch and the head of the branch itself were to be replaced by laymen. Nothing could be more ridiculous than such a statement, so far as any of the work or plans of the Department of Agriculture are concerned. What I did say was this, that the health of animals branch has been under a layman in the person of the deputy minister and the minister for ten or twelve years, and that the veterinary director general never had a free hand without the direction of the minister as to what work he should undertake. But no person ever considered having a layman do the work of a scientific man.

Progress reported.

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

Monday, April 3, 1933

The house met at three o'clock.

QUESTION OF PRIVILEGE

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata) (Translation): Mr. Speaker, Le Journal of Quebec, on March 31, 1933, published the following article:

Mr. Bennett disapproves of all attacks on priests.

The extreme liberalism of Mr. Pouliot does not meet with the approval of the Prime Minister—a typical incident.

Ottawa, March 31.—(From the correspondent of Le Journal).—Mr. Bennett does not intend to allow Catholic priests to be attacked with impunity in the house. Mr. J. F. Pouliot, Liberal member for Témiscouata, was made aware of this fact at Monday's sitting, March 20.

Mr. Pouliot was criticizing, unreservedly, colonization in Quebec. He was speaking French and was unaware that the Prime Minister, Mr. Bennett was closely following his remarks.

In his attack against the Rev. Mr. G. M. Bilodeau, missionary agent of colonization, Mr. Pouliot went so far as to state: "I sent him something small so that it would be on a level with him."

[Mr. R. McKenzie.]

Mr. Bennett who until then had been following Mr. Pouliot's remarks, without interrupting him, could not help interjecting: "That is Liberalism at its best."

It is the first time, we think, that a Catholic member has thus attacked a priest, in the house. Therefore the hon. Mr. Bennett who was able to follow the whole of Mr. Pouliot's French speech . . .

Mr. SPEAKER: I must ask the hon. member to cease reading a long article. If he has a point to make let him state it to the house.

Mr. POULIOT: There are two or three more lines, and it must be quoted in full. I do not wish to impose on the house but it is essential that I read all that is said.

(Translation):

Therefore the hon. Mr. Bennett who was able to follow the whole of Mr. Pouliot's French speech did not miss the opportunity of pointing out to him that by thus attacking priests he was acting as a true Liberal.

Then follows a Hansard quotation.

And Mr. Pouliot, after this rebuff, continued his speech on a more respectful tone.

I have written what I have to say because I do not wish to overstep the limit.

If the correspondent of Le Journal had been fairminded enough not to detach an excerpt of Hansard of March 20, and separate it from the context, giving it a wrong meaning, the subscribers to that newspaper would have seen that I established an essential and very clear distinction, often repeated, between missionaries, properly speaking, and employees, and, it is simply of the employee to whom reference is made.

God forbid that anybody should attack, in the house, the sacred character of the priest . . .

Some hon. MEMBERS: Order.

Mr. POULIOT: I have just a sentence or two.

God forbid...

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the open defiance of the chair by the hon. gentleman it seems to me is something that should not be tolerated by this chamber. He was called to order, he said he had a few more lines to read, he has been reading several paragraphs, he is now called to order again and he repeats it. I thought it was a well understood rule in this house that articles in newspapers were not to be read unless they reflected on the conduct of the member in respect to particular legislation.

Mr. LAPOINTE: It did.

Mr. BENNETT: I followed it.

Mr. POULIOT: I have been dirtily attacked. Would I have no right of defence?

Mr. SPEAKER: I understood the hon. member to take exception to an article in regard to his own action in the house. But having done that, he is now reading his own explanation. I ask him to make it as brief as possible.

Mr. POULIOT: (Translation): God forbid that anybody should attack, in the house, the sacred character of the priest; should unfortunately the thing happen, I shall be the first to espouse his cause, as I have already proven it.

UNEMPLOYMENT RELIEF

Mr. GORDON: I desire to lay upon the table of the house orders in council passed pursuant to the relief legislation.

BUSINESS OF THE HOUSE

CHANGES IN PERSONNEL OF SELECT STANDING COMMITTEES

Right Hon. R. B. BENNETT (Prime Minister) moved:

That the name of Mr. Young be substituted for that of Mr. Butcher on the select standing committee on railways, canals and telegraph lines, and that the name of Mr. Butcher be substituted for that of Mr. Young on the select standing committee on agriculture and colonization.

Motion agreed to.

CHIGNECTO CANAL

On the orders of the day:

Mr. A. E. MacLEAN (Prince): I would like to direct a question to the Minister of Railways and Canals (Mr. Manion). Last session I placed a question on the order paper with regard to the report of the commission investigating the possibilities of the Chignecto canal. I should like to ask the minister if this report has been received and whether it will be tabled during this session.

Hon. R. J. MANION (Minister of Railways and Canals): The report has not been received.

TRAWLER LICENCES

On the orders of the day:

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): On Friday last my hon. friend from Queens-Lunenburg (Mr. Ernst) asked whether I was prepared to make an announcement of the government policy with regard to the licensing of steam trawlers for the coming fiscal year, and my answer was that I hoped to be in a position to make a statement to-day. That statement was prepared, but at the last minute new facts came to the attention of the government with respect to existing contracts which the trawler companies must fill for the supply of fish during the lenten season, so I must postpone my statement until to-morrow.

JUDGE RUTHERFORD

BAN PLACED BY RADIO COMMISSION ON SPEECHES THROUGH CANADIAN STATIONS

Hon. ALFRED DURANLEAU (Minister of Marine): On Friday last the hon. member for Lisgar (Mr. Brown) asked a question with regard to the measure of responsibility the government must assume in connection with the ruling of the radio broadcasting commission concerning Judge Rutherford's speeches. I have received a statement from the radio commission in this connection which reads as follows:

Many complaints were received by the radio broadcasting commission regarding the abusive and mischievous character of the speeches of Judge Rutherford being broadcast in Canada, but the commission took no action until it had obtained a copy of advertising literature issued by Rutherford's organization in Canada, The Watch Tower, 40 Irwin Avenue, Toronto, containing quotations from these speeches. With this evidence before it the commission, on January 18th, instructed Canadian broadcasting stations that the Rutherford speeches must not be broadcast until the continuity of records of the same had been submitted to the commission for approval. The commission learned that the Rutherford broadcasts were in the form of gramophone records manufactured in the United States, and that time for their use on the air had been purchased from twenty-five Canadian stations by the organization representing Rutherford in Canada. As Rutherford lived in the United States and did not deliver his speeches in person in Canada he could not be made amenable to Canadian laws, and the only control that could be exercised in this country was in regard to the broadcasting of his gramophone records.

Anxious that it should be clear there was no intention of interfering with the legitimate exercise of free speech the commission requested the representative of the International Bible Students, the organization sponsoring Rutherford in Canada, to submit the records of the Rutherford speeches, together with the texts on which they were based. This request was not complied with, and the only response was the wide distribution of printed literature in Canada attacking the commission and religious institutions and clergy, in which the chairman of the commission was described as liar, theif, Judas and polecat, and therefore fit to associate only with the clergy.

In order not to interfere with the legitimate operations of the International Bible Students the commission authorized the broadcasting

stations to allow that organization to substitute its own speakers in Canada for the gramophone records of Rutherford's speeches.

Letters have been received by the commission from clergy of the majority of religious denominations in Canada commending its course in the Rutherford matter. Owing to popular indignation in the United States at the nature of his speeches, Rutherford has been denied the use of the great networks of the large broadcasting organizations in that country.

Mr. Speaker, with regard to the measure of responsibility assumed by the government in this matter, parliament gave full authority and responsibility to the radio broadcasting commission. I would refer my hon. friend to the bill adopted last session, which is chapter 51 of the statutes of 1932.

Mr. J. L. BROWN (Lisgar): I thank the minister for this statement; I think it will go a long way in giving the people of Canada a better understanding of the actual situation.

RAILWAYS AND SHIPPING

On the orders of the day:

Mr. ROSS W. GRAY (West Lambton): I would like to ask the Minister of Railways and Canals (Mr. Manion) whether or not the special committee on railways and shipping will sit this session.

Hon. R. J. MANION (Minister of Railways and Canals): I have not given the matter very serious consideration up to the moment, but I think the special committee will have to sit to deal with the estimates of the Canadian National Railways. The point I made some time ago was that in all probability, since we are carrying out the recommendations contained in the Duff report, we would not call the officers of the railway before that committee but that we might call some of the directors instead. That was the recommendation of the commission. I think the committee will sit in the near future.

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

The house resumed from Friday, March 31, consideration of Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray—Mr. Gagnon in the chair.

On section 2—Declaratory.

Mr. BENNETT: Mr. Chairman, the government has some responsibility with regard to all legislation introduced and passed in the house. I am having a report prepared with respect to this bill, and until that report is completed I think the bill should stand.

I wonder if the members of the committee have looked at the bill; I wonder if they have examined it and really understand what it means. If the congress of the United States approves, this bill can become operative. Perhaps this is out of order, the principle of the bill having been dealt with on the second reading, but the congress of the United States must approve before it becomes operative. The sum of $25,000 is to be lodged with the government. There are no par value shares. The shares may be issued for such compensation as the directors by bylaw may fix, and they are authorized to issue bonds for $5,000,000.

We have already had one experience in Canada with respect to bonds issued by one such venture, and we know with what sad result to the investors. Having any responsibility at all for the investing public, I cannot observe the passage of a bill such as this without taking some steps to afford some protection to those who may be induced to put their money into the venture, and under the circumstances, until I obtain a report from the law officers, I would ask that further consideration of the bill be deferred, rather than move that the committee rise. I merely move that the committee rise and report progress and ask leave to sit again.

Mr. GRAY: While I am agreeable to what the Prime Minister has said, to let the bill stand, can he give me any definite time as to when it can come up again—to-morrow night when private bills are under consideration?

Mr. BENNETT: This bill is of such far-reaching consequences, and its provisions are so extraordinary when applied to present day conditions, in view of what we know has happened in connection with two ventures incorporated by this parliament, that I should not think those who are preparing the report in the department will have completed their work by to-morrow night. On Friday night, however, there is no reason why it should not be considered. Both the Department of Justice and the Department of External Affairs will consider the bill in view of its international character and the fact that the construction of the works authorized is entirely dependent upon action that may be taken by congress. That is the purely external side of the matter, but the financial side is quite serious. The construction of the works does not depend merely upon action that may be taken by this parliament; it may depend upon action taken by the congress of the United States. By section 14:

The company shall not commence the actual construction of the said subways or tunnels until permitted by the congress of the United States of America. . . .

It is rather odd that the commencement of a tunnel on Canadian territory should be made subject to the permission of the congress of the United States.

Mr. GRAY: I will speak of that.

Mr. BENNETT: However, that is a matter to be dealt with by the Department of External Affairs. The legal phase of the bill and the financial structure will be dealt with by other departments, and by Friday next, when private bills are reached, I am quite certain that the report will be completed.

Progress reported.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CALL LOANS AND COMMERCIAL LOANS

Mr. GIROUARD:

What was the amount of call loans and commercial loans made outside of Canada by the chartered banks of Canada in 1932?

Mr. RHODES: The monthly return of the chartered banks as of December 31, 1932, gives the following totals of loans and deposits outside of Canada: call and short (not exceeding thirty days) loans elsewhere than in Canada on stocks, debentures, bonds, and other securities of a sufficient marketable value to cover, $91,491,603; other current loans and discounts elsewhere than in Canada after making full provision for bad and doubtful debts, $151,661,262; deposits elsewhere than in Canada, $328,725,094.

SMELT FISHING

Mr. MARCIL:

1. Did the Department of Fisheries receive a complaint about the alleged illegal smelt fishing on the Quebec side of the Restigouche river in 1933?
2. If so, who made the complaint and what were the allegations?
3. Did the Department of Fisheries send a telegram to J. E. Johnson, fishery officer at Campbellton, New Brunswick, instructing him to stop Quebec fishermen from shipping smelts from New Brunswick points, unless they had a permit from the fishery officer in Quebec?

Mr. DURANLEAU:

1 and 2. The department was informed by W. S. Montgomery, of Dalhousie, N.B., that it was reported that there was an extension of the season on the Quebec side and that the fish were being marketed through Campbellton.

3. A telegram was sent to Inspector J. E. Fournier, of Campbellton, informing him of the above and instructing him to see that no illegal fish were disposed of in his district.

WAR PENSION EXPENDITURE

Mr. SPEAKMAN:

By what sum would our war pension expenditure have been reduced for the fiscal year ending March 31, 1932, had all war disability pensions been paid at the same rating as that applied in the case of privates, non-commissioned officers, warrant officers and lieutenants?

Mr. MacLAREN:

Estimated amount $125,000.

CIVIL SERVICE PERMANENT EMPLOYEES

Mr. MacLEAN:

1. How many persons permanently employed in the civil service of Canada are sixty-five years of age and over?
2. What was the total salary of such employees for the fiscal year ending March 31, 1933?
3. How many of said employees are paying into any one of the several superannuation funds?
4. How many pay into the retirement fund?
5. How many permanent civil servants are sixty years of age but not over sixty-five?
6. What was the total salary of said employees for the fiscal year ending March 31, 1933?
7. How many between the ages of sixty and sixty-five are paying into any one of the several superannuation funds?
8. How many pay into the retirement fund?

Mr. BENNETT: It will require months to prepare the answer to this question. I cannot think that the hon. gentleman realizes the full significance of checking over the age of every employee of the Dominion of Canada. It is a question that will involve the services of many people for months. If it is a matter of aiding unemployment that the hon. gentleman has in mind, it may accomplish something, but the question should stand for the moment until he has had an opportunity of looking into it further.

Mr. MacLEAN: I thought that these tables were all on hand in the department.

Mr. BENNETT: No, they are not all on hand in the department.

Question stands.

QUESTIONS PASSED AS ORDERS FOR RETURNS

MINISTERS' PRIVATE CARS

Mr. RAYMOND:

1. How many private railway cars are there for the use of ministers?
2. What is the cost of each such car?

Mr. DORION:

1. How many private railway cars were available for the use of federal ministers, as at July 30, 1930?
2. What was the public expenditure respecting each such car, for the twelve months ending July 30, 1930?

GOVERNMENT TELEPHONE SERVICE

Mr. GARLAND (Carleton):

What was the cost of the telephone service in the various departments of the government at Ottawa during each of the years 1928-1929, 1929-1930, 1930-1931, and 1931-1932?

DESCHAILLONS, QUEBEC, SEMAPHORE

Mr. VERVILLE:

1. Has the semaphore at Deschaillons been removed; if so, when, at whose request, and why?
2. Has the signal station at Deschaillons been changed; if so, to where?
3. What is the size of the former site and that of the new one?
4. From whom was the new site purchased; what were the conditions of the transaction, and what was the price paid?
5. Have any complaints been received regarding the new station?
6. Has anyone requested the reconstruction of the semaphore?

HALIFAX, N.S., EASTERN DIVISION OF FISHERIES

Mr. RALSTON:

1. How many persons were employed in the office of the eastern division of fisheries at Halifax as during the year 1932?
2. What are their names?
3. What were the duties of each of said employees?
4. What salary was paid to each?
5. Were they all appointed by the Civil Service Commission?
6. If not, on whose recommendation were they appointed?
7. How many were employed in the said office for the month ending February 28, 1933?
8. What was the total cost of maintaining the said office for the years 1932 and 1933 (a) for salaries; (b) for rent; (c) for travelling expenses; (d) for all other purposes?
9. Does the government intend to maintain this office after March 31, 1933; if so, for how long?
10. Does the government intend to reduce the staff of this office during the coming fiscal year?

Return tabled forthwith.

VANCOUVER, B.C., WESTERN DIVISION OF FISHERIES

Mr. NEILL:

1. How many persons were employed in the office of the western division of fisheries at Vancouver during the fiscal year ending March 31, 1932?
2. What are their names?
3. What were the duties of each of said employees?

[Mr. Raymond.]

4. What salary was paid to each?
5. Were they all appointed by the Civil Service Commission?
6. If not, on whose recommendation were they appointed?
7. How many were employed in the said office for the month ending February 28, 1933?
8. What was the total cost of maintaining the said office for the fiscal year ending March 31, 1932 (a) for salaries; (b) rent; (c) travelling expenses; (d) all other purposes, and showing total for the year?
9. What was the total cost of maintaining the said office for the fiscal year ending March 31, 1933 (a) for salaries; (b) rent; (c) travelling expenses; (d) all other purposes, and showing total for the year?
10. Does the government intend to maintain this office after March 31, 1933?
11. Does the government intend to reduce the staff of this office during the coming fiscal year?

Return tabled forthwith.

MOTIONS FOR PAPERS

ROBERVAL, QUE., BREAKWATER

Mr. GIROUARD:

For a copy of all letters, correspondence and other documents in the possession of the government since August, 1930, respecting the construction of a breakwater at Roberval, province of Quebec.

RADIO COMMISSION—MR. E. C. BUCHANAN

Mr. GRAY:

For a copy of all correspondence, documents, orders in council and certificates of the Civil Service Commission, respecting the appointment of Mr. E. C. Buchanan to the position of director of public relations to the Canadian Radio Broadcasting Commission.

PRINCE EDWARD ISLAND POTATO INSPECTOR

Mr. MacLEAN:

For a full copy of all letters, telegrams, correspondence, received from any party or parties, since 1930, together with a full copy of the evidence taken at the investigation regarding the dismissal of Harry W. Francis, of Albany, Prince Edward Island, as potato inspector.

DESCHAILLONS, QUE., SIGNAL STATION

Mr. VERVILLE:

For a copy of all correspondence exchanged between the Department of Marine, Mr. Uldéric Paris and any other person, concerning the exchange of the land for the signal station at Deschaillons; also a copy of the contracts between the parties.

DESCHAILLONS, QUE.—DREDGING

Mr. VERVILLE:

For a copy of the reports furnished by the persons who inspected the dredging work done at Deschaillons during the months of August and September, 1932.

PUBLIC WORKS PAY LISTS

Mr. BRASSET:

For a copy of Department of Public Works pay lists respecting works carried out by the said department at Grande Entree, Magdalen islands, since August 1, 1930.

PETITE RIVIÈRE AU RENARD PUBLIC WORKS

Mr. BRASSET:

For a copy of the paylists respecting works carried out by the Department of Public Works at Petite Rivière au Renard, from August 1, 1930, to date.

PROPOSED STABILIZATION FUND

Mr. MOTHERWELL:

For a copy of all correspondence, memoranda, telegrams and other documents received by the government or any officers thereof, with respect to the establishment of the stabilization fund announced by the Minister of Finance in his recent budget.

Mr. RHODES: If this motion were taken literally it would involve a tremendous amount of work; it would involve the conning of correspondence in the office of every minister of the crown. Has the hon. member in mind a request for every letter, telegram and communication received and being received from day to day?

Mr. MOTHERWELL: I will indicate what I have in mind and if my present motion is not proper, I shall be glad to amend it. My motion reads:

For a copy of all correspondence, memoranda, telegrams and other documents received by the government or any officers thereof, with respect to the establishment of the stabilization fund announced by the Minister of Finance in his recent budget.

This would be correspondence received prior to the establishment of the fund, and I would amend my motion by adding after the word "received" the words "prior to Tuesday, March 21, 1933." I could either drop my motion and redraft it or the government could accept my interpretation.

Mr. RHODES: It would be agreeable if the motion were amended as suggested by my hon. friend.

Mr. BENNETT: I am sure my hon. friend realizes that the difficulty is that since September, 1931, every minister has been receiving correspondence with respect to the effect upon business of a depreciated exchange. This action is the result of the accumulative effect of all that correspondence. In my office alone there must be thousands of letters and it would be most difficult to trace them. If the correspondence being asked for is that relating to the fund as such, then there could be no objection.

Mr. MOTHERWELL: I want to be accommodating and not cause unnecessary work and perhaps the better way would be to withdraw my motion.

Motion withdrawn.

TIMOTHY SEED—VALUATION FOR DUTY

Mr. BRASSET (for Mr. Rhéaume):

For a copy of all letters, correspondence, telegrams, and other documents in possession of the government with reference to order in council (P.C. 420) passed under section 43 of the Customs Act, in which the value for duty purposes of Timothy seed was fixed at a minimum value of 6 cents per pound in Canadian funds, together with a copy of said order in council and all rules and regulations and instructions issued thereunder and the correspondence if any received by the government since the adoption of the said order in council.

Mr. RYCKMAN: There is no objection to this motion if it is accepted with the usual reservation as to confidential correspondence.

Motion agreed to.

IMPORTATIONS OF FUEL OIL AND COAL

Mr. NEILL:

For a copy of all correspondence, telegrams, orders in council and other documents exchanged between any member of the government, or departmental official, and any other individual, corporation or association, since September 1, 1930, relating to the following subjects: (a) duty on fuel oil imported into Canada; (b) bonus, subsidy or subvention on the production of coal from the coal mines of Vancouver island, British Columbia; (c) importation of British coal into British Columbia, and steps to deal with the situation thereby created; (d) proposed sale or leasing of the Canadian National railway docks at Vancouver.

Mr. RYCKMAN: So far as this motion relates to the Department of National Revenue, there is no objection provided it is accepted with the usual reservation as to confidential correspondence.

Mr. BENNETT: I would direct attention to the fact that a compliance literally with this motion would impose upon the clerical staffs responsible for the production of documents a burden which cannot be overstated in words. It would necessitate the searching of the files in all departments for the purpose of obtaining letters relating to the duty on fuel oil imported into Canada, the prevention of British coal coming into British Columbia, and other matters. This would impose an almost intolerable burden upon the staffs and the return could not be completed for weeks or months.

Mr. NEILL: Perhaps the first part of the motion could be amended by substituting the words "British Columbia" for the word "Canada." That would narrow down immensely that part of the motion. It will be noted that the other questions are limited to British Columbia.

Mr. BENNETT: The work will be the same.

Mr. NEILL: I move that the word "Canada" in the fifth line be struck out and the words "British Columbia" substituted therefor.

Motion as amended agreed to.

EASTER RECESS

Right Hon. R. B. BENNETT (Prime Minister) moved:

That when this house adjourns on Thursday, the 13th of April, it stand adjourned until Tuesday, the 18th of April, 1933.

He said: I may say that in preparing this motion the government was acting upon the apparent general approval of the house which was voiced the other day. The government has no hard and fast idea in proposing this motion and I should be glad to have any suggestions the house desires to make as to whether or not these dates should be adhered to.

Mr. MARCIL: Quite often the house has adjourned at six o'clock on Wednesday evening in holy week.

Mr. BENNETT: I made inquiries with respect to that and I was told that Thursday was a day upon which we might work, that it was not a day of obligation. I am entirely in the hands of the house with respect to the matter.

Mr. MARCIL: It is not a day of obligation.

Mr. DUFF: I would not mind if the house sat on Sunday.

Motion agreed to.

ROYAL CANADIAN MOUNTED POLICE

PAYMENTS BY PROVINCES—DISPOSITION OF EXTRA EARNINGS—PENSIONS

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 58, to amend the Royal Canadian Mounted Police Act.

He said: Mr. Speaker, I find that I was in error in making a statement during the discussion of the resolution upon which this bill was founded. This statement was in connection with the estimates for the Royal Canadian Mounted Police and after going over the matter with the commissioner of the force I find that while the item on page 49 of the estimates of $5,615,595.75 represents as far as it is possible to estimate what will be actually expended upon the force during the current year, there is a clause in the bill which provides that the payments made into the consolidated revenue fund by the provinces may be utilized from time to time by the police force as they may be required. This is intended more as an emergency provision than otherwise. Last year the vote fell short of meeting the needs of the force because of the fact that some three hundred additional recruits had to be taken on last autumn. Consequently, in the supplementary estimates we asked for an allowance of the money which had been paid into the consolidated revenue fund by the provinces, and this was granted. The explanatory note to section 1 reads:

The purpose of the amendment is to empower the governor in council, in case of emergency or other special circumstances, to authorize the utilization of the moneys in question for the use of the Royal Canadian Mounted Police.

It is hoped that the vote asked for in the present estimates will be sufficient for all purposes, but without desiring to be an alarmist, I must inform the house that in the opinion of the commissioner, the situation existing at the moment in various parts of Canada with regard to communistic activities is not at all satisfactory. These activities have not been lessened during recent months. I regret to say that we have information that the communist party in all its ramifications in various parts of Canada is perhaps more active and dangerous to-day than it has been at any time in recent years. Developments have taken place in the far west on the Pacific coast, throughout the prairie provinces, in Ontario, and very recently in Quebec, which may call for some further increase in the force in case anything like an actual outbreak occurs. As I say, I do not wish to be an alarmist in regard to such matters, but it is always well to be prepared and the officers of the Royal Canadian Mounted Police have informed me that they have made certain preparations to deal with situations that may arise. It is true that in British Columbia, Ontario and Quebec, the Royal Canadian Mounted Police force can act only when its services are requested by the municipal police or by the authorities of a province, but it is at all times in the closest cooperation with the municipal and provincial police forces and ready to offer its services should they be required. Should an increase become necessary

on account of any conditions which may arise in any part of Canada during the next twelve months, there would not be enough money in the present vote to meet any emergent situation. It is for that reason power is asked in clause one of this bill to give to his excellency the governor in council authority to advance such sums as may be necessary out of the moneys paid for police services by the six provinces which have entered into agreements with the Dominion government.

Mr. LAPOINTE: Will the money be in the consolidated revenue fund?

Mr. GUTHRIE: The money when paid by the provinces goes into the consolidated revenue fund. The commissioner is still hopeful and I am hopeful too that it will not be necessary to ask for further grants, but we cannot tell from week to week or perhaps from day to day what may arise. Threats of a very serious nature come to us. To-day some very serious ones came to hand and it might become necessary to increase the force temporarily. For that reason this special power is asked to utilize moneys that come into the treasury in payment of the services of the mounted police in the six provinces.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, what the Minister of Justice (Mr. Guthrie) has just said might have a little more force were it not for the fact that only a few days ago the government obtained from this house authority, under a clause relating to peace, order and good government, to take any measures that they deemed necessary, and were provided with all the funds required by having voted a blank cheque from which they could draw for that purpose. Surely there must be some place at which the line is to be drawn. As long as under existing legislation the government has power sufficient to enable it to get additional moneys to meet any situation at a time when there may be reason for action of the kind, we certainly, if that power exists, should not grant in reference to this particular force, further power that will extend for all time. The minister might well at all events, so far as this year is concerned, so long as the government has the general powers to which I have referred, refrain from asking parliament to give it further power for meeting emergent conditions.

May I also say to the Minister of Justice that it is really important at times like this that we should have before us as complete a statement as is possible of the expenses of a force like the Royal Canadian Mounted Police, which is a semi-military force, and that those expenses should be provided for in exactly the same manner as is the case with all other expenses of the services of Canada. The government can ask for whatever sums it feels are necessary and that amount can be voted out of the consolidated revenue fund in the regular way. I do not think any exception will be taken to the amount the government may regard as necessary to meet conditions as they exist, but it would be a misfortune if, in addition to what is voted by parliament for the mounted police in the regular way, there should be in concealment somewhere, because that is what it will be, an additional fund which the police themselves, without any prior knowledge on the part of parliament, can draw upon for purposes they may deem necessary. As the minister has just said, the moneys from the provinces go into the consolidated revenue fund in any case and it is out of this fund that parliament gives the government authority to draw whatever sum is necessary. Therefore, unless there is some desire to conceal part of the expenditure of the force, I cannot see that this part of the bill is needed at all. I must say I was glad that the minister mentioned at the outset that he was mistaken last week, because at that time even he, when we were discussing this matter, expressed surprise at the representation that these moneys were desired as being in addition to sums which would already have been voted by parliament under the specific appropriation for the Royal Canadian Mounted Police. For this year at all events and, indeed, for all time, we ought to avoid this method of procedure which is a departure from the general principle of appropriating public moneys and of giving parliament the control which should be exercised by it over such expenditures. The course proposed will cause confusion in appropriations, and it will be a handicap in auditing. Certainly in regard to any force that is in the nature of a quasi-military one, there is a double reason why parliamentary control should be as complete and authoritative as possible.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I wish to support what my leader (Mr. Mackenzie King) has just said. The Minister of Justice (Mr. Guthrie) has given as a justification for this part of the bill the statement that there is an emergency.

Mr. GUTHRIE: No; that there may be.

Mr. LAPOINTE: Why should we have permanent legislation to deal with what is an abnormal situation while the government has already all the power necessary to deal with

that emergency? The emergency will disappear, as we all hope, and then there will be left on the statute books this permanent legislation which is absolutely not in conformity with the usual rules of parliamentary procedure.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, the Minister of Justice (Mr. Guthrie) mentioned conditions in certain parts of the dominion as a reason for giving the government the power necessary to deal with the situation. During the last three years we have been pointing out to the house that these conditions would arise and suggesting that something should be done to meet them. I am convinced that we cannot meet this situation simply by increasing the military or police force of the country. A few days ago, in connection with the Unemployment and Farm Relief Bill, the direct relief, which is the only way in which the government intends to deal with that situation, was limited to a certain sum. Now we have a bill giving the government unlimited powers in regard to repressive measures that may be taken in meeting any situation that may arise on account of the difficulties in which the people find themselves. The house should insist that the government take some other means of dealing with economic conditions in this country than by increasing the military and police forces. This is no way to handle the situation which is confronting us and, if we continue it, the result will be disaster.

Sir EUGENE FISET (Rimouski): Over and above what my right hon. leader (Mr. Mackenzie King) and the ex-Minister of Justice (Mr. Lapointe) have said, I wonder if the minister has given any thought to the fact that this legislation is creating a precedent for all departments because it is of a permanent nature. I well remember that in days past numerous deputations were received by deputy ministers and ministers of the crown trying to persuade the government to allow different departments to take out of consolidated revenue fund whatever moneys might have been credited by that department to the credit of the receiver general. Here we are creating a precedent for which I think there is no real reason. I think the minister and the government have sufficient power now under the relief bill to do all that they intend to do for the present year by this act, and I think that the minister and the government should pause before giving such extraordinary power to one department in a situation which is of a temporary character.

[Mr. Lapointe.]

Motion agreed to, bill read the second time, on division, and the house went into committee thereon, Mr. Cowan (Port Arthur-Thunder Bay) in the chair.

On section 1—Arrangements with local governments for the use of the force.

Mr. GUTHRIE: I have listened with great interest to the criticism offered by my right hon. friend and the member for Quebec East in regard to this section. When this bill was drafted, the peace, order and good government clause in the relief bill had not been proposed to the house. Now that it has been drawn to my attention that that clause does exist in the relief bill which has now been passed, I think perhaps that does obviate the necessity for this particular clause being put in this bill. The objection that this would be a permanent clause I think is a substantial one, but I should like clause 1 to stand for a short time until I have had an opportunity of consulting with one or two of my friends. My present view, however, is that under the circumstances it might be dropped.

Section 1 stands.

Sections 2 and 3 agreed to.

On section 4—Punishment of offences by non-commissioned officers and constables.

Mr. GUTHRIE: The former law by subsection 2 of section 31 provided for the reduction in rank of a non-commissioned officer who had been guilty of some offence, but it did not apply to constables. I am informed that we have three grades of constables, grade A, B and C, and the commissioner desires to make this clause apply to constables so that if a constable of grade A, for instance, has been found guilty of some offence he may be reduced. As the law now stands he could not be reduced. That is the only change.

Section agreed to.

Section 5 agreed to.

On section 6—Time served in South Africa may be included.

Mr. McKENZIE (Assiniboia): If the government should find it necessary to increase the force, is there any body of men from which additional members could be recruited?

Mr. GUTHRIE: The officers are not recruited; they are promoted after they have been trained in the service. The recruiting of the force is done in the various district headquarters on application of the individual concerned to the officer in command at the nearest headquarters. The applicant is there examined, the examination being a severe

one, and if the applicant proves suitable he is accepted for a period of training, the training taking place at Regina.

Mr. MACKENZIE (Vancouver): What is the age limit?

Mr. GUTHRIE: From 22 up to 28 years of age.

Mr. McKENZIE (Assiniboia): Suppose a few hundred more men were required at a moment's notice, how would they be recruited?

Mr. GUTHRIE: We have at the present time a very long list of accepted applicants, some three or four hundred, and the recruits would be taken in the first instance from those already accepted.

Mr. MARCIL: I think it is only right that I should call to the minister's attention that in my view the constables on duty in the province of Quebec should be bilingual. Some of them operate in purely French districts, and it would be advisable to have them speak both languages.

Mr. GUTHRIE: Some time ago I submitted a list which appears on Hansard of the members of the force who are stationed in Quebec, and with one or two exceptions they are all French-Canadians. If they are not French-Canadians they are bilingual.

Mr. McINTOSH: Suppose you wanted a certain number of men in a particular province; would the applications from that particular province receive the preference?

Mr. GUTHRIE: It would depend on how quickly we wanted the men. We would take them from the nearest point I would assume, but in every province and district there is a long waiting list so it would not be very difficult to secure men.

Mr. McINTOSH: Subsection 7 of section 6 provides that time served in South Africa may be included. Does that refer to both active and non-active members of the force, or only to the active members?

Mr. GUTHRIE: Just to the active members. I am told it applies to only a very few men.

Mr. McINTOSH: It rules out those who served in South Africa and who are not now members of the force?

Mr. GUTHRIE: Those who have retired on pension and are already out of the force would be ruled out.

Section agreed to.

Section 7 agreed to.

On section 8—Time served in South Africa may be included.

Mr. HEAPS: What is the total number of the members of the force at the present time?

Mr. GUTHRIE: I can give the figures as of the first of October last, and I do not think it has varied much since then. On the first of October last the number was 2,348, which includes the preventive service.

Mr. HEAPS: What number of preventive service men?

Mr. GUTHRIE: The number of the preventive service men that we took over at the time of the amalgamation was 350. I think the number has increased a little since then.

Mr. EULER: Are they maintained as a distinct body, that is distinct from the rest of the mounted police?

Mr. GUTHRIE: They are members of the police force, in every way subject to the discipline of the force, but they are employed on that preventive service work to a very large extent. Some have been transferred to other places, but I think ninety per cent of them are still engaged in that work either on land or sea.

Mr. EULER: Are they in any way under the control of the Department of National Revenue?

Mr. GUTHRIE: No, they are entirely under the officers of the police.

Mr. McINTOSH: Could the minister give the percentage of increase in the force during the past year?

Mr. GUTHRIE: I think I can give the actual figures of increase. The actual increase including the customs service last year was 979 men. That includes the men taken on the forces of the various provinces.

Mr. POWER: What is the total now?

Mr. GUTHRIE: It is 2,348.

Mr. POWER: Could the minister tell the number of men in the force in 1929, 1930, 1931 and 1932?

Mr. GUTHRIE: In 1930 it was 1,245; in 1931, 1,351; and in 1932, 2,348.

The following were the increases:

Engaged constables on the five year term (western territory, formerly provincial)	294
Alberta provincial police, three year term.	135
Alberta provincial police, one year term.	15
Manitoba provincial police, five year term	5
Manitoba provincial police, three year term	55
Manitoba provincial police, one year term	11
New Brunswick provincial police, three year term	32
New Brunswick provincial police, one year term	18
New Brunswick provincial police, six months	1
Nova Scotia provincial police, three year term	52
Nova Scotia provincial police, one year term	38
Prince Edward Island provincial police.	8
Preventive service, one year term	147
Preventive service, six months	28
Reengaged after leaving	58
Rejoined after desertion	2
Engaged special constables	277
	1,176
Discharged through death or expiration of service	197
Net total	979

That is found at page seven of the commissioner's report.

Mr. POWER: Is there a system of yearly re-engagement for those employed in the provincial service? Are they re-attested so to speak at the end of every year?

Mr. GUTHRIE: No, they are engaged for definite periods, three and five years.

Mr. POWER: In the preventive service also?

Mr. GUTHRIE: Yes.

Mr. MARCIL: Do the constables serving in the province of Quebec remain under the control of the department as well?

Mr. GUTHRIE: Nominally they are under the control of the Department of Justice, but actually under control of the officers of the force.

Mr. MARCIL: Are there any under the control of the Department of Inland Revenue?

Mr. GUTHRIE: No, none at all.

Mr. MARCIL: They are doing preventive work for that department.

Mr. GUTHRIE: They are doing it for that department but under control of the mounted police.

Mr. MACKENZIE (Vancouver): The minister gave the total as 2,348 but I find that on the 30th of March when the resolution was being discussed in committee the number was given as 2,402 of other ranks and 98 officers, making exactly 2,500.

Mr. GUTHRIE: The figures I give this afternoon are up to date.

Mr. EULER: Is that portion of the preventive service that serves on the water, say in the gulf of St. Lawrence, also under the mounted police?

Mr. GUTHRIE: Yes, that is under the mounted police also. We have 101 vessels of various kinds including power boats, seagoing and inland. These are manned by men under the mounted police.

Mr. HEAPS: Can the minister give us the cost of the mounted police service for the last fiscal year?

Mr. GUTHRIE: The cost per man over all, that is including all branches of the service, officers and constables, is $2,250 each, that is the average. In the Hansard report of my remarks last week they had it as $2,500, or the newspapers had.

Mr. MACKENZIE (Vancouver): Hansard has it correctly, at page 3541.

Mr. HEAPS: What was the total spent in the fiscal year?

Mr. GUTHRIE: I think we spent all of last year's estimate, which was $5,569,819 and an additional supplementary vote which was passed last month, I think $375 or $350.

Sir EUGENE FISET: May I ask the minister if the men belonging to the customs service have been taken on on probation for six months or a year and if they are going to be re-engaged for the full period of time covered by the regulation?

Mr. GUTHRIE: Yes, some men have been taken on practically on trial. There were some 600 or 700 men in the preventive service in the customs, a selection was made according to merit, I understand, by the officers of the customs department, and from the lists supplied 350 were permanently taken on. A small number I think were taken on on probation for short terms.

Mr. HEAPS: I would like to say a word on this question. It appears that we are spending about $5,500,000 in providing a police force for the Dominion of Canada on account of the economic conditions that prevail at the present time in many parts of the dominion. Of this $5,500,000 the major part is spent on that part of the force which is engaged, not in what you might call customs preventive

work but in maintaining what is commonly termed law and order. The Minister of Justice in his remarks on the second reading spoke of danger from the activities of the communist party in Canada. I am inclined to think that we overdo this alleged danger. We find at the present time throughout Canada a great amount of dissatisfaction and unrest, not on account of the communist party but on account of the vast amount of unemployment that prevails in the dominion. I am quite satisfied that if we had not so much unemployment there would be no need for the increase in police and this large expenditure for that purpose. Instead of spending about $5,500,000 for the mounted police force to preserve law and order in this country I wish we would spend even a small part of that money in trying to find ways to eliminate unemployment in our midst. If we did we could very well save a large part of this expenditure. I am quite satisfied that there is not much spread of what you might call communism in the dominion. But in any industrial centre in Canada you find great numbers of people unemployed. Where you have vast numbers of men and women out of work you are bound to have dissatisfaction. There are at the present time about 1,000,000 people out of work. When you have one-third of the employable population unemployed you naturally have dissatisfaction. So while I presume the government think this sum is necessary to take care of the situation, for my own part I wish they would try to deal with unemployment in a more fundamental way than they are doing at present. If they did there would be no need to spend these very great sums of money.

Mr. GUTHRIE: There is this to be pointed out—perhaps it has not come to the attention of my hon. friend—that we have now in the customs branch of the mounted police a total of 542 men. On land we employ 350 and on the sea 192. The cost of that branch of the service is $1,504,104. That money was formerly expended, and a considerable sum more, by the customs department. Now it has been taken over by the mounted police and has increased the mounted police vote by that amount. It must also be remembered that we now have taken over the police work of six of the provinces. They pay us about $800,000 for that service and we pay the rest ourselves. That is an addition to the mounted police vote which did not exist in previous years. It is not fair to charge this all to mounted police work. That work has been done for the last thirty years by the provincial governments, who maintained provincial police forces. Now we have taken over that work, and as a result we have had to increase the mounted police vote and the personnel of the force very greatly.

Mr. HEAPS: Could the minister give the committee the net increase in the force so far as the Dominion government is concerned?

Mr. GUTHRIE: About 300.

Section agreed to.

On section 1—Arrangement with local governments.

Mr. GUTHRIE: This is the only section remaining, and I am going to move that it be struck out. I believe I will do better to adopt the principle laid down by hon. gentlemen opposite and, instead of having a continuous measure, take advantage of the section in the relief bill which provides for peace, order and good government, should the occasion arise. Therefore I move that section 1 be struck out.

Motion agreed to.

Bill reported, read the third time and passed.

PENITENTIARY ACT AMENDMENT

PROPOSED APPOINTMENT OF OFFICIALS BY GOVERNOR IN COUNCIL

Hon. HUGH GUTHRIE (Minister of Justice) moved the second reading of Bill No. 59, to amend the Penitentiary Act.

Hon. ERNEST LAPOINTE (Quebec East): I did not take part in the debate on the resolution which preceded this bill, Mr. Speaker, because I am largely in sympathy with the object which it seeks to attain. There are one or two clauses in the bill, however, to which I think I must register my dissent, and of course I could not foresee those when the resolution was before the house.

With regard to the appointment of wardens, deputy wardens and guards, I must confess that I have always held the opinion that such appointments should not be made by the Civil Service Commission. Speaking in this house in 1925, as will be found at page 1284 of Hansard for that year, I said:

> I am responsible for what happens in the penitentiaries of Canada at the present time. I am responsible if there are evasions; I am responsible if there is a rebellion in a penitentiary anywhere; and I think it is not fair that the wardens and the deputy wardens,

the main officers, and even the guards in the penitentiaries, should be selected under a system of competitive examination. It is absurd. I think that penitentiary work should be compared with the work of the mounted police or even of the militia. In the penitentiary the work that is to be done by the guards, and very often their lives are in jeopardy, depends for its success more on the character and the temperament of the man than on what they may happen to know about geography or arithmetic or anything else. This conviction I have formed during the year and a half in which I have been at the head of the administration of the Department of Justice. I believe in control by the Civil Service Commission when it is a case of appointments in connection with ordinary departmental work, but I do not think they are qualified to select the men to conduct the penitentiaries.

I am still of this opinion, and I am quite willing to support that part of the bill which gives to the governor in council or to the minister the responsibility for the appointment of the wardens and guards for the reasons I expressed at that time. This bill, however, goes much further; under section 2 even the clerks and employees in the penitentiaries branch of the department will be removed from the control of the Civil Service Commission. They are to be appointed and their salaries are to be fixed by the governor in council, without regard to the classification of the Civil Service Commission, to which the civil servants in all the other departments are subject. I do not see any reason why the stenographers, clerks or other employees in the department here in Ottawa should be considered in the same category as wardens or guards who have to deal with the inmates of the penitentiaries. This is removing from the operation of the Civil Service Act a class of employees who certainly should remain under it.

When we were considering amendments to the Civil Service Act last year I remember that the report of the committee contained a recommendation to the effect that there should be a standing parliamentary committee on civil service, to deal with all civil service matters and with such changes as are suggested by the present bill. I do not understand why this recommendation has not been acted upon and why this proposal was not submitted to such a committee before being submitted to the house. I would ask my hon. friend not to persist in his intention to take away from the control of the Civil Service Act the ordinary employees of the penitentiaries branch. So far as the rest of the bill is concerned I am quite ready to support him.

Mr. A. E. ROSS (Kingston City): In connection with this bill I pointed out a year ago, and I also sent to the committee considering the matter a communication to the effect, that these appointments were not being made by the Civil Service Commission. The names of fifty per cent of the guards at Portsmouth penitentiary have never been submitted to the Civil Service Commission, and those that have been submitted have always been on the recommendation of the warden. No matter what objection is made to my statement, I know what I am talking about, and I know that these guards had to see the warden to have his approval, they had to have their examination, and then they were submitted by the warden to the superintendent. I will admit that many of them were pigeonholed at the time and never reached the Civil Service Commission, but those who were recommended did go forward with the approval of the warden.

I contend that last year the only function the commission performed in connection with these cases was this. When these names were submitted as those of men eligible to the civil service, the commission questioned the preference, first as to whether they were returned men and secondly whether they had disability. I understand that the preference is to continue and in that case there is a difficulty now. In what way will the warden, at the time he recommends a guard, know what his preference is or whether he has had a disability? It will not do merely to state it on his application. It must be obtained in some way, and that was the only function the Civil Service Commission ever discharged in regard to the appointment of these guards and officers.

Last year I opposed this procedure because we were sailing under false colours at the time, believing that the commission made these appointments, whereas they only put their stamp upon them after a certain investigation on the part of the Department of Pensions and National Health. At present there are sixty guards in Portsmouth penitentiary. The names of these men have never been submitted to the commission, unless it be within the last two weeks, and I cannot see that we are getting very much further with this bill. I am certainly in sympathy with it; I certainly believe that the warden should select his men and that that recommendation should go. I am very much afraid however, that with the superintendent we have to-day some names will never reach the top. A man who can write what he did about returned men will not, in my opinion, have any sympathy with them. I shall have more to say in this regard in committee.

I am not very much concerned as to who appoints the guards. I believe that in the past we have made an excellent selection of guards and the country would have known of very few of them having failed if we had not had the report just submitted. Do not let us think that this is the first investigation we have had in connection with penitentiaries. In 1919-20 a new superintendent came in and we were told then that the whole thing was wrong; everything was inefficient, everything had to be upset, and the disturbance was just as great as it is to-day. We were told then that the selections that were being made would have an exemplary effect; we were going to have excellent guards and a system never before seen in our penitentiaries. But a new superintendent comes in to-day and he says, "They are useless; they are no good." Thirty or forty of them have been dismissed and he is waiting for a number of them now to give their evidence in connection with the trial of these prisoners before he boots them out. He is holding them until their evidence is in. As I say, I am not so much concerned as to the appointments; that is something which I believe will come out all right. I believe that some of the best men that have ever served in a penitentiary have been dismissed, and that by an inexperienced superintendent who never knew anything about a penitentiary. It looks to me as if the only thing he knows about it, the only thing he is interested in, is a rifle; but the rifle is the smallest part of the administration of a penitentiary. What I am more interested in is the dismissal of guards, and for twenty-five or thirty years I have been fighting this question in regard to the dismissal of guards.

I want to give the house an illustration of the way in which these men are treated on dismissal. Here is what one guard received:

> This is to advise you that your services as temporary guard at this institution will terminate at the close of the prison year, September 30, 1931.
>
> The above action is taken owing to the fact that you have failed to show the necessary initiative and interest in the duties assigned to you. For the past five months you have been given every opportunity to make good, but notwithstanding the warnings and advice you have received from the deputy warden and chief keeper, you have failed to show any improvement.

Mr. GUTHRIE: Who signed that?

Mr. ROSS: E. R. Jackson. I am going to give a number of these cases. Now, this man never was instructed; he never had a word from the deputy warden, never a word from the chief keeper except "good morning." That was the only instruction he had, and he is thrown out. What is the result? It is not merely the fact that he is thrown out of employment, but he is blacklisted, so that he cannot get a job in any department. He is simply blacklisted, and that is allowed to go without investigation. The man has no chance to defend himself.

Here is another case. Here is a man who made a complaint in the present minister's time. He was charged with the loss of gasoline—the matter was looked into by some official. The question whether the gasoline had really disappeared or how it had disappeared was never investigated but the man was dismissed because he went downtown and asked whether a certain guard had received gasoline at that station. The finding is there. This man never had a chance, although he is one of the best appointments; he held a high position in the city of Toronto. I may say that he is not in my constituency. The question as to where the gasoline went was never investigated.

We see a man being dismissed on account of a little scrap of paper. This man was a fireman, and the strange thing is that this piece of paper cannot be located to-day. Fourteen years after his dismissal the blacklist is counted against him and he cannot get a job. To-day there are twenty or thirty guards who are going, and this is the manner in which they are being dismissed:

> Acting under instructions received from Ottawa—

Now note this:

> —I have to advise you that you will be retired from the staff of this institution to promote efficiency.

Is there no such thing as British justice, even though you are employed in a department of government? Cannot a man go and ask, "Why am I dismissed?" The question is important to the man because he cannot get a job in any other department. He is blacklisted and cannot even establish his defence. Statements are made in the report of the present superintendent which are absolutely false. I challenge him, this government and this House of Commons, to give these men a hearing. I know they will be able to prove that the charges are absolutely false. I am of the opinion that the warden should appoint his own guards, that he should be able to see them before they are taken on but I am also of the opinion that British justice should be shown to the men employed in the department and that they should be given a reason for their dismissal.

A keeper was suspended on November 29. The superintendent gave him to understand

that he would be reinstated but he remained suspended until last Monday when he was paid off up to November 29. The matter for which he was suspended was one not under his jurisdiction according to the regulations of the penitentiary. The superintendent being new on the job and not knowing the regulations laid a charge and the keeper was suspended. I have been fighting for twenty-five years to have these men given the opportunity of a hearing. Has a man in this country no right to know why he is dismissed? Is he to be told: "There is your notice, get out." If there are communists and reds in this country, more have been made during the last four or five months by such actions as these than could be made by ten Woodsworths, fifty Heaps or one hundred Irvines. If a man has any red blood in him, he wants to fight for himself.

Mr. McINTOSH: A Ross generally has.

Mr. ROSS: A Ross does not have to have questions asked for him; he can state his own case and ask his own questions.

A deputy warden who had been twenty-eight years in the service of this institution was dismissed. The charge made against him in the report was absolutely false. This man has had no chance to defend himself against the position in which he was put in the report. Will this country stand for a man having such an arbitrary power that he can dismiss another man who has had twenty-eight years of service? Should not sympathy be shown for a man who has had twenty-eight years of service without one black mark? I know of another case not many years ago where a deputy warden and another official who had been twenty-six years in the service were dismissed from Portsmouth penitentiary because of a charge laid by one of the lowest pieces of humanity that could come out of the slums of Montreal. These men were dismissed upon the word of a convict.

The report states that in certain cases the men resigned, but if they did so, they resigned with a pistol at their head. They were told to sign their resignations or their gratuities would be lost. There should be an open hearing of these cases and I offer to resign my seat if they cannot be proved. I have that much courage anyway. These men are Liberals as well as Conservatives, so I am not talking from the political point of view. I have never yet canvassed civil servants during any of the elections because I feel that they should be independent. I am not interested in the appointment of guards but I am interested in these dismissals. Unless something is done I intend to fight just as long as I am a member of parliament. I shall deal with other sections of the report when the opportunity presents itself later on.

Mr. C. G. POWER (Quebec South): Mr. Speaker, in rising to support the hon. member for Kingston (Mr. Ross) may I say on behalf of most of the hon. members on this side that his strictures on the Department of Justice would, we believe, apply equally to most other departments. Many arbitrary dismissals and dismissals without investigation have been made since this government came into power. May I offer him in this instance, and in others if he so desires, our assistance in order to bring before this house the injustice of many of these dismissals. I feel it is my duty to bring before the house certain portions of the report of D. M. Ormond in connection with the Kingston penitentiary disturbances. This report is addressed to the Minister of Justice and has a bearing upon the matter now before the house in that he criticizes very severely the system of appointment of guards, wardens and other employees of the penitentiaries. The following appears at the bottom of page 8 of the report, under the heading Training of Guards:

> Shortly after the end of the late war, a fair sprinkling of guards were brought into the service who had had military training of some type or other. These, however, were not closely scrutinized, and at the present time there are many guards who had little or no service that would recomend them to be penitentiary or prison guards, mostly having terminated from three to five years' service with the rank of private, which would indicate that they had reached their limit in military advancement, and could not be expected to show a higher standard in civil life.

I have never posed in this house as the friend of the soldier, in fact I have opposed a great many of the things which the soldiers wished to have put into force. I have never been a consistent upholder of the preference for returned soldiers, but I do think that any one of us who has had experience with private soldiers during the war would be false to the friends he made during that time if he allowed an insult of this kind to pass unchallenged in a public document. I had the honour and privilege of serving as a private soldier for a considerable period during the war. The hon. member for West Lambton (Mr. Gray) served as a private soldier during the whole war, and I say without any fear of contradiction that I am prepared to take his judgment against that of Brigadier General Ormond at any time.

I do not wish to say anything disagreeable about Brigadier General Ormond, because he

is not in the house, but I think it should be said of him that if anyone has shown his lack of capacity for the position which he occupies, it is General Ormond. What business had he to say that because a man had not had an opportunity of achieving promotion during the three or five years or, as a matter of fact, any period he spent in the army during the war, he was debarred from civil occupation as a gaol guard, when we have in the house men who represent constituencies and when we have throughout the length and breadth of the land men holding the highest positions in civilian life who were soldiers in the war? If only Brigadier General Ormond had been able to enter into the feelings of many of the soldiers during the war he would have known well the expression often used in the trenches when speaking of the Germans: "If they would trade red hats with us, we would be in Berlin before Christmas." In no way has this expression been more strikingly illustrated than by this report. Brigadier General Ormond should know, if he does not, that it was not the fault of many of those soldiers that they were not promoted. Many who achieved commissions did so by influence; many others did so because they went over early in the war, and he should know that in the last two years of the war there came over from Canada battalion after battalion fully staffed with officers and with not enough men. Place had to be found for those who had obtained commissions before leaving Canada and this was done to the detriment of those who had given the best service at the front. When the history of the war comes to be written, it will be found that the backbone of the British as well as of the Canadian army was the buck private in the rear rank; he showed courage, initiative and qualities that went to make the Canadian expeditionary force what it was. This house would be false to its trust to those soldiers unless many members register their protest against this report.

I do not see in his seat the Minister of Railways (Mr. Manion), but I know if he were here, he who devoted a great deal of his time gallantly and nobly to the effort of saving those men by giving them the best attention of his healing art, would take the same attitude as do many of us. The Minister of National Defence (Mr. Sutherland) during the war achieved honour, but he did so—and he will be the first to admit this—because the private soldiers in his battalion backed him to the limit. I do not need to speak for the hon. member for Kingston City (Mr. Ross). He has expressed his views on this matter on many occasions. Almost every member, whether on this side or on the other, should feel it his duty to tell General Ormond that he is not qualified for the position to which he has been appointed, the reason being, first, on account of the absolutely false statement which he made in the report and, second, if for no other reason, that he showed a remarkable lack of tact in making such a statement.

May I quote the minister himself as to the qualifications of a gaol guard? Surely if a gaol guard should have all these qualifications, the man who superintends him should have many more. I am not going to read them all, but some of them are as follows:

> In the first place he must have the necessary physique, must be a strong, robust man. He must be a man of some education.

I suppose General Ormond believes there was nobody with any education in the ranks of the private soldiers. There are throughout Canada at least as many lawyers, doctors and other professional men who served as private soldiers as served with commissions.

> He must be a man of intelligence and discretion. He must be a man of courage, that is very essential, because he has to deal with many very daring, reckless prisoners.

I suppose the man who dealt with many daring, reckless Germans, is not qualified.

> There is a large proportion of very daring prisoners in our institutions at this time. Above all a guard should be a man possessed of an average amount of human sympathy.

I ask the minister whether General Ormond showed any human sympathy for those 600,000 returned soldiers throughout Canada when he said that because they were private soldiers they were not qualified to be good guards.

> Above all a guard should be a man possessed of an average amount of human sympathy. I do not mean maudlin sentimentality, but human sympathy and discretion.

As regards discretion, I would say that General Ormond has signally failed.

I have under my hand the following resolution:

> That the Kingston branch No. 9 Canadian Legion of the British Empire Service League, have read with regret the insulting and ill founded remarks of Superintendent of Penitentiaries, D. M. Ormond, as reported in the Kingston Whig Standard on February 7, on page 10, which reads as follows:

Then they proceed to quote the section of General Ormond's report which I have read to the house. They continue:

> That the Kingston branch of the Canadian Legion is able to give the names of doctors, lawyers, merchants, secretaries, bankers, members of parliament and men prominent in all

walks of civil life to-day who served in the front line trenches of France and Flanders and other forward positions during the war who had the honour and distinction of the rank of private, gunner or sapper.

That some of the highest medals awarded by the British Empire were given to the private soldier who lived, ate and slept in the mud because he believed in his country and the best principles of freedom and did not enter the war in comfort and high military rank.

That the Kingston branch of the Canadian Legion No. 9 feel that the slur on the private soldiers whose names are carved in bronze and marble in our memorial hall and city monuments, who paid the supreme sacrifice in the great war should not be belittled or made cheap because some, who failed to respect the law of the country and probably did not serve overseas, find themselves in Portsmouth penitentiary and who got temporarily out of hand for a day or two.

That the raids on the German trenches for prisoners and the patrolling of no-man's land at night, was done by what rank of soldier—the private.

That the Kingston branch No. 9 Canadian Legion feel that Superintendent D.M. Ormond should make a public apology to relieve the feelings of the widows and mothers who lost husbands and sons serving in the great war with the rank of private.

That a copy of this resolution be sent to Doctor A. E. Ross; the Right Hon. R. B. Bennett; the Hon. Hugh Guthrie; the Hon. R. J. Manion; the Hon. Hugh Stewart—

And so forth.

In conclusion, I would like to make this observation, that I do not believe there is any possibility of the returned soldier's preference being applied in any satisfactory manner if the application thereof is to be left to the discretion of a man like D. M. Ormond. I do not wish to oppose the bill for that reason, but I would very seriously suggest to the minister that before giving Ormond the power of a dictator in matters of this kind, he should see to it that in some way his power of either expelling or appointing private soldiers should be controlled and restricted.

Mr. E. R. E. CHEVRIER (Ottawa): Mr. Speaker, the hon. member for Quebec South (Mr. Power) who has just resumed his seat and the hon. and gallant gentleman (Mr. Ross) who preceded him, will pardon me if I do not follow them in all the intricacies that are involved in the appointment of inspectors, wardens, deputy wardens and so on. With what my hon. friend who has just resumed his seat has said with reference to the most unwarranted charge that has been made against the returned men now in the employ of the penitentiaries branch as orderlies, I fully agree. I do think it was a most unwarranted statement on the part of one placed in an important position to say what General Ormond said, and so far as I am concerned I am quite prepared to say to him that he ought to be censured as strongly as possible.

With what my hon., and, as I like to call him, my gallant friend from Kingston (Mr. Ross) has said, I am in agreement. The returned soldier's preference under this new scheme will be absolutely forgotten, or at least there is nothing in the bill that I can see anywhere that will safeguard that preference, yet the Minister of Justice (Mr. Guthrie) has said that one of the primary qualifications for the position of superintendent, warden and guard should be that the appointees be quasi-military men. With that I do not quite agree, but if the qualifications are to be such, then I doubt very much in view of certain appointments which have recently been made by the government whether that will be the consideration that will be uppermost in the minds of those charged with making these appointments. The Minister of Justice the other day when he introduced the resolution said, at page 3545 of Hansard of March 30:

> This measure has been brought forward only after very serious consideration not only on the part of myself and officers in my department, but on the part of my colleagues and the senior officers of the penitentiary staff.

That may be, but the hon. gentleman knows that there is on the statute books of Canada a law that is called the Civil Service Act, and I for one believe that as long as that law is there, it is incumbent on those whose duty it is to prepare laws, and to see to their functioning, to be the first ones to observe the law.

I contributed in no small degree, and with the greatest satisfaction possible to the fabrication of the reports of the committee under the chairmanship of the hon. member for North Bruce (Mr. Malcolm), of March and June, 1923, on the administration of the Civil Service Act, when the Civil Service Commission was under review at that time, and one of the recommendations of that report was this:

> Your committee is of the opinion that the two fundamental principles of the Civil Service Act are the merit system and the system of appointment by competitive examination, and that both these principles must be preserved.

Sir, as long as it is my great honour and privilege to be a member of this house, and as long as this law is on the statute books, it is my duty to see that it is observed, and for its maintenance I shall continue to fight. But having subscribed to it, I must of necessity oppose any departure from it.

But the Minister of Justice is not satisfied with bringing in a new measure to take away from the Civil Service Commission something of its jurisdiction. It was in 1918 that the hon. gentleman was one of those who in a moment of high sentiment formed the idea of abolishing patronage. It was in 1919 that the Civil Service Act was so amended as to allow of the bringing down of the classification, but it was in 1921 that the hon. gentleman and those associated with him tried by means of the Spinney bill to ruin the act, and had it not been for those who sat in opposition at that time the Civil Service Act would have been ruined. Unfortunately there was maintained in the act one section which permitted the Civil Service Commission to do certain things in the way of releasing positions. The Minister of Justice the other day said, at page 3557 of Hansard—and this is no excuse why the thing should be repeated:

The late government, I think with the assistance of my vote—

It was well that he said that because otherwise it would have been put up to him:

—appointed a large number of preventive officers. I think there were some six or seven hundred such officers, three hundred and fifty of which are now in the mounted police. None of these men come under the Civil Service Commission. In the Department of National Revenue there is a large staff of appraisers who are not appointed by the commission. There are a large number of employees in the Department of Finance in a similar position. The employees of the Soldier Settlement Board and of the department presided over by my hon. friend the acting Minister of Immigration (Mr. Gordon) are not subject at all to the Civil Service Commission. The members of the military forces and the mounted police, the employees of the tariff board, the radio commission—

And any other commission that may subsequently be appointed by this administration will, of course, be in the same category:

—and the research council also do not come under the commission. There is no new departure suggested by this measure.

But neither is there any closure on this sort of thing; there is no end to it. Just because that has been done in the past is no reason why a measure should now be introduced into this house which will release from the operation of this act some thousand or more employees. There is no reason why that should be done. At least the hon. gentleman who is in charge of this bill, if he had wanted to follow the law, could have found that relic which is to be found in the act after they had laid their unholy hands upon it, and which is known as section 59. The hon. gentleman has said that he has had conferences with the officers of the penitentiaries branch. Of course, they would be the first ones to ask for a release of these people from the jurisdiction of the Civil Service Commission. The hon. gentleman also says that he has asked to have a conference with the members of his own department. It would have been extraordinary if these people, knowing what was in the mind of the hon. gentleman, had not acceded to his wish. The Civil Service Commission charged with the administration of the Civil Service Act, if the qualifications set for the employees of the penitentiary were not satisfactory, could still have made the appointments on qualifications which were considered satisfactory. The minister could have asked the Civil Service Commission to appoint men under new regulations. Did he? The law was in the hands of the hon. gentleman, and why was there any necessity to amend the Penitentiary Act? Why did he not take advantage of the Civil Service Act, section 59 of which reads:

In any case where the commission decides that it is not practicable—

If the hon. gentleman thinks it is not practicable in this case he could have submitted it to the Civil Service Commission:

—nor in the public interest to apply this act to any position or positions, the commission may, with the approval of the governor in council, exclude such position or positions in whole or in part from the operation of the act, and make such regulations as are deemed advisable prescribing how such position or positions are to be dealt with.

I say that if there is any sincerity of purpose in this measure now before the house, the hon. gentleman and his administration should proceed under the terms of the law that is now on the statute books, that very same law which was placed on the statute books at the instigation and on the demand of the hon. gentleman who is now charged with this bill. Why do they not ask the Civil Service Commission to say whether it is practicable or in the public interest that these men should continue to be appointed in the manner in which they have been appointed? If the qualifications are not satisfactory they should be changed. But the merit system should be followed in the matter of appointments and in the matter of promotions.

But there is more than that, and more will be said when the bill is in committee. So far as I can see from the spirit of this bill the whole administration will be left in the hands of the superintendent, subject of course —and that is a very wide condition—to the governor in council. The range of salaries,

promotion, superannuation, deductions, will all be subject to the recommendation of the superintendent. This is one of the worst measures to be introduced and one that departs to the greatest extent from sound principles of administration. I wonder how the minister can expect to inspire confidence in the minds of those charged with the protection of life and the safety of property when they feel they are at the mercy, in regard to advancement or discharge, "of recommendations from Ottawa," as used by the hon. member for Kingston in explaining certain dismissals. The hon. member for Kingston has said that men who have given years of service are discharged on recommendation from Ottawa and nothing more said. The Civil Service Act provides in section 55 as to political partisanship, and section 52 governs dismissals, but once these men are placed under the jurisdiction of the superintendent there will be wholesale dismissals, with the same answer, "You are discharged upon recommendation from Ottawa."

What is required is tightening up of the Civil Service Act, not nibbling away from it. And may I say to my hon. friend, if the government have decided to take these men from under the operation of the Civil Service Act, let them not appoint any more commissioners because before the commissioners are appointed the Civil Service Commission will have become useless.

Mr. THOMAS REID (New Westminster): I was particularly pleased when the hon. member for Kingston (Mr. Ross) brought up the matter of dismissals, because we are even more concerned about dismissals than appointments. At various times I have been in consultation with the Minister of Justice in connection with dismissals that occurred at the New Westminster penitentiary. One feature that I think he should take particular notice of is that guards can actually be "framed" by convicts in the prison. I have a case before me in which a convict after his discharge swore in evidence before a special constable that he had framed a certain guard in the penitentiary. I brought that to the attention of the minister, but it seems that the report of the warden had to be accepted. I do not know of any other department concerned with the administration of justice in which the word of a prisoner is taken against that of an officer. In this case the guard had been attending to his duties in the usual way, and this was resented by this particular prisoner, who was a rather dangerous character, and he made the statement that he would frame this guard. And he did. He placed cigarette papers—which are contraband in the penitentiary—in a certain place, and then notified the warden that they were there. On investigation they were found, and on that and that alone this guard was dismissed. I think this matter of dismissals should be given very serious attention, because if that procedure is carried on and the word of a convict is taken in preference to that of a guard it is very serious indeed, especially when by this bill power is vested in such a man as General Ormond.

The minister also spoke about the matter of instruction, that under the new act instruction would be given to the guards. My information is that there is now no provision for instruction of guards. They are handed a copy I believe of the regulations to look at, that copy must be handed back, and kept in the head office; how can the guard become acquainted with the regulations if he is not provided with a copy? Then only those guards who are on duty as guards with rifles are allowed to carry or handle rifles. It does not require an act like this to make it possible to instruct a man in the use of a rifle; all that is needed is a provision in the regulations that he be given say half an hour rifle drill every day. Under the present system a guard has no chance to become proficient in the penitentiary regulations unless he takes time to go to the head office and study them.

But the most serious thing brought out was the disclosure by the hon. member for Kingston, in the matter of dismissals. I think that the whole situation should be looked into, because there have been many dismissals of guards, who have afterwards been blacklisted, so to speak, and will be all the days of their lives as far as obtaining a permanent job in the government service is concerned.

Mr. R. W. GRAY (West Lambton): Speaking to the resolution last Thursday afternoon, while opposing it in toto, I did suggest to the minister that when the bill came before the house he make certain that a clause was included providing that the act should not take away from the returned men the preference given them under the Civil Service Act. I mentioned at that time that in 1932 when certain revenue post offices were taken from under the operation of the Civil Service Act there was included in the amendment a section retaining the preference to returned soldiers. That is found in the statutes of Canada, 1932, chapter 40, section 57A, which reads as follows:

The provisions of this act shall not apply to the position of postmaster of any revenue post

office the revenue of which does not exceed three thousand dollars per annum; but the preference provided by section twenty-nine of this act, in favour of the persons mentioned therein, shall be applied in respect of appointments to such positions.

I felt then that the minister would give serious consideration to that subject matter, and that when this bill was brought into the house we would find in it a similar provision. But I have looked for it in vain, there is no such provision. I again urge upon the minister that he include in this bill such a provision. At the same time, after the statement of the hon. member for Quebec South (Mr. Power) and after reading what the superintendent of penitentiaries thinks of private soldiers, one wonders whether there is any great value in retaining the preference in the act. I hope however, that this house and public opinion generally will be so unanimous in condemning what the hon. member for Quebec South so rightly characterized as an insult to the private soldiers of this country that General Ormond will not repeat the remarks he has made. I have no great hope, however, that he will prove a success in the position to which he has been appointed; my information is that he has not been successful in any of the other ventures over which he has had command. One has only to look back at the history of Rhyl at the close of the war to learn something of the capabilities of this gentleman. I consider that the remarks made by Brigadier-General Ormond are an example—

An hon. MEMBER: That statement about General Ormond is not correct.

Mr. GRAY: Then my hon. friend can get up and refute it. I consider these remarks to be an example of red tape snobbishness and brass hat unctuousness. Fortunately there were not many men of this calibre holding high commands, but I consider that as a private soldier I would be derelict to my duty if I did not stand in my place here and hurl back in his face the insult he has written into the records of this house. I say that when we have a report made not only to the minister but to the country in which words of this sort are used we can expect little from the superintendent of penitentiaries.

Mr. HUMPHREY MITCHELL (East Hamilton): Mr. Speaker, I am one who served in the ranks during the war; I spent four years and seven months there leaving, as I entered, the equivalent to a private. I say that without shame; I am proud of it. I do not believe that even generals have a first mortgage on all the brains and intellect in the country, and I regard this statement as an insult to the men who served during the war. After all is said and done it takes some courage to be at the front—at the front, and not at the rear. I believe this is also an insult to the intelligence of this House of Commons.

This report is a contradiction in itself, Mr. Speaker; it finds fault with the conditions under which the men were appointed, and says the rules of the Civil Service Commission were not followed. The whole report is in conflict with the spirit of this bill. Frankly I believe the government followed an absolutely wrong policy in connection with the riots at Kingston and the other penitentiaries. A royal commission should have been appointed to investigate the question, because many rumours have been broadcast throughout the country. I have one in mind; it was said that the wife of one of the brokers serving his sentence at Kingston visited one of the officials, and that during her visit her husband was sent to the house as a janitor. Statements have appeared in various newspapers throughout the country; at the moment I am only going to quote from the Conservative press. First I will refer to the Financial Post; I do not think any criticism can be made with regard to an opinion expressed by that publication. Referring to the article which appeared in the Financial Post, The Toronto Globe said:

> On the other hand, the charges of the Financial Post regarding Collins Bay reflect a degree of public uneasiness that requires another sort of inquiry, one wholly removed from any aspect of parliamentary or political control. Yet the slogan, "Steal a million and see Collins Bay," recorded as having winged its way through Portsmouth, implies that much of the trouble, if not all, has been due to the incarceration of stock brokers in the "preferred class" institution.

Here is another statement from the same publication:

> "On more than one occasion the Financial Post has said that back of some of the financial crooks who have been sent to various penitentiaries were bigger and more influential people whose names were never dragged through the newspaper headlines. Scapegoats, tools, chestnut-pulling monkeys served terms to pay for the illicit gains of financial ones in society." An inquiry into penitentiary administration will not be sufficient unless it brings out the complete story of the brokers.

Then we have the Toronto Telegram, which I would call friendly to the present administration. It contained this headline:

> Closed Inquiry into Penal Conditions will not Satisfy Public Demand

The article following contained these words:

It would be the part of wisdom for Hon. Hugh Guthrie to listen to the demand for a public inquiry, if only to demonstrate that he has nothing to hide.

Then I have the Hamilton Spectator, another recognized Conservative journal, which says:

With such stories going the rounds and being elaborated upon in the telling, it will not suffice for the government to make a secret, internal inquiry and present a statement of the findings to the people, whose taxes support Portsmouth penitentiary. There will be a suspicion that the reason for the secret inquiry was that the department had something to hide. The searchlight should be played on every nook and cranny of Portsmouth and the public made acquainted with both sides of the story, and this form of probe, we think, will be insisted upon.

I still believe that would have been the proper policy in connection with those troubles. I am not unmindful of the inquiries that might be carried on by men who have such a background of training as that possessed by the gentleman referred to, but I am not very much impressed with the efficiency of military men in positions of this nature. We have seen an example in connection with certain police forces in this country, and here instead of having promotion within the department, gentlemen have been taken from outside, though they absolutely lack experience and knowledge of the practical problems which present themselves in connection with the administration of such institutions. Frankly I think the gentleman in question exhibited a degree of crust, to say the least, when one remembers that he lacked the necessary experience to carry out an investigation of this kind. I felt it my duty to make these observations and reflect what I believe is the considered view of the people of this country. I firmly believe that the policy which should have been pursued in connection with this investigation was the appointment of a commission of some sort before which those men referred to this afternoon by the hon. member for Kingston (Mr. Ross) would have had the right to give their evidence, and possibly to be represented by counsel. I think that should have been done instead of the star chamber methods which were adopted.

Mr. CAMERON R. McINTOSH (North Battleford): Mr. Speaker—

Mr. COWAN (Long Lake): Oh.

Mr. McINTOSH: Is my hon. friend from Long Lake (Mr. Cowan) really awake? Before this bill is given second reading I should like to put myself on record as opposing it. I did so last Thursday, when the resolution was under discussion, and I wish to do so again to-day. I should like to read a telegram which I received from the secretary of the Civil Service local of North Battleford in regard to this legislation. It is as follows:

The civil servants of North Battleford are strongly opposed to the removal of the penitentiaries staffs from the Civil Service Act and respectfully solicit your opposition in this matter.

(Signed) V. J. Rogers,
Secretary.

Another telegram came to me from Saskatoon, dated March 3:

The Saskatoon members of the amalgamated civil servants of Canada respectfully protest against proposal to take the staffs of the penitentiaries away from the Civil Service Act.

Eggleston,
Secretary.

Further, I have a letter from Mr. Knowles, who is national secretary of the amalgamated civil servants of Canada. This is a national organization and I believe that two or three of the ideas put forward in this communication are well worthy of being placed on the records of the house. The minister the other night seemed to intimate that perhaps the civil servants of the country were taking too much upon themselves in opposing legislation of this kind, but in my view it is a very important thing to have a national organization which will indicate to the goverment in power precisely where it stands on any piece of legislation. I believe it is a help to the government, and any communications submitted to the government ought to be read with special interest. Mr. Knowles, in his statement, dated March 6, asks: What is the proposal? And he proceeds to say that the proposal means the removal of the entire penitentiary service, over nine hundred in number, guards, wardens, inspectors, superintendents, clerks, stenographers, bookkeepers, nurses and so on, from the provisions of the Civil Service Act. Now may I ask, what does this mean? It means that we are splitting the Civil Service Act into fragments, and by dividing it we intend to destroy it. That is the meaning of it. In other words, it is the thin end of the wedge, and if that course is persisted in there is no doubt as to what the result will be. The second question Mr. Knowles asks is this: What does this departure mean? He explains this departure means the appointment of all penitentiary officials by political patronage, as is the rule in the United States, where the penitentiary administration is admittedly much more corrupt and inefficient

than it is in Canada. Do we want our penitentiary administration to become more corrupt in Canada than it is in the United States? Do we want it to become more inefficient? If we do, says the national secretary of this organization, then all we have to do is to adopt this legislation. Thirdly, Mr. Knowles asks what the results will be. He says the results will be that prison guards will be chosen as a reward for political services by those locally in charge of patronage, and that guards so chosen, owing to graft and inefficiency, weakness and loss of morale, will become a burden to the penitentiaries rather than a help; moreover, there will be wholesale dismissals on every change of government, and the extravagance and added cost will be paid by the people of Canada. Surely if these statements are sound we do not want to add to the cost of government in this country to any greater degree.

May I before closing put before the house the point of view of General Hughes, at one time superintendent of penitentiaries. General Hughes was a witness before the Spinney committee in 1921, and at page 234 of the report of that committee it is stated that he emphatically opposed the suggestion. At page 243 he is reported as having said:

> We have got away from political appointments, thank goodness, and we are getting into our service men who in years to come will be a credit to the institution.

General Hughes, then, is of the opinion apparently that if we take the course we are about to adopt to-day we are doing something that will not be creditable to the country. Then the Prime Minister (Mr. Bennett), the leader of the government of which my hon. friend opposite is a responsible minister, has something to say on this question. What does the right hon. gentleman say? On May 8, 1928, as reported at page 2775 of Hansard, speaking against a measure of this character, he said:

> It means the recurrence of the patronage system, which should not be tolerated in this country. It is not conducive to good service, or to the public weal. While there have been many defects in connection with the administration of the civil service, the fact is that it is a great advance over anything we have heretofore had in this country. We protest against any effort being made to return to the old condition of patronage.

That is the point of view of the present Prime Minister, and we have also the opinion of the present Minister of Trade and Commerce (Mr. Stevens) as reported in Hansard of May 15, 1928, at page 3017-18:

> Undoubtedly the patronage system had more evil attached to it than merit. Appointments under the patronage system are made for the purpose—I think I can put it simply and plainly—of giving jobs to those who are in favour with the ministry of the day, whatever ministry it is. . . . I am opposed to this bill to the extent that it departs from the principle of appointment by the Civil Service Commission.

Lastly, may I put on record the opinion of the right hon. gentleman (Mr. Mackenzie King), who now leads His Majesty's loyal opposition in this House of Commons. On May 2, 1921, speaking against the Spinney bill, which aimed at exempting a portion of the outside service from the provisions of the Civil Service Act, the right hon. gentleman said:

> It is a step entirely in the wrong direction.

Well, if the Spinney bill of twelve years ago was then a step in the wrong direction the principle of this bill is equally so to-day. We have the views of these leaders of public opinion which I have quoted, and I think it would be well for us to take their advice. If we followed their opinions we would scrap this piece of legislation now before the house and see to it that the appointments I have mentioned should come under the provisions of the Civil Service Act, thereby insuring to this country, so far as our penitentiaries are concerned, men who will know their duty and and do it in a way that will be a credit to the dominion.

Right Hon. Sir GEORGE PERLEY (Argenteuil): May I say to my hon. friend from North Battleford (Mr. McIntosh) and to my hon. friend from Ottawa (Mr. Chevrier) that there is no intention whatever of returning to the system of political patronage in a general way. This government is just as much in favour of appointments being made through the Civil Service Commission on merit as my hon. friends opposite can possibly be, but this is a peculiar situation. All that the Minister of Justice is asking the house to agree to is that the appointment of guards and officers of our penitentiaries shall be made practically in the same way as is the selection of constables for the mounted police force.

Mr. MACKENZIE KING: This is going away beyond that.

Sir GEORGE PERLEY: That is the intent of this act, and the Minister of Justice might repeat to my hon. friend from North Battleford the opinion which he has already given on this subject. The selection of guards for the penitentiaries under the Civil Service Commission has not been a success. In my opinion, they should be selected as

the constables are selected for the mounted police force. There is no political patronage in connection with the choice of constables for that force, and I think every hon. member will agree with that statement. If I know of a man who in my opinion would make a good constable in the mounted police force, I would simply tell him to go to the office of the commissioner on Rideau street and be examined. The examination is very careful both as to the physical condition and mental capacity of the applicant. Appointments are made entirely upon merit and there is no political patronage whatever. There will be no political patronage in the appointment of officers and guards of the penitentiaries as provided for by this bill. The hon. member for Ottawa has the civil service particularly under his care, and has to get up and object to this bill on general principles.

Mr. CHEVRIER: Not particularly.

Sir GEORGE PERLEY: As to the wisdom of the Civil Service Act, I am entirely in accord with my hon. friend.

Mr. CHEVRIER: I may be the minister representing the civil service.

Sir GEORGE PERLEY: Perhaps when my hon. friend's party gets into power he may be a new minister of civil service.

Mr. McINTOSH: Do you think he has a good reputation?

Sir GEORGE PERLEY: There are a great many hon. members on the other side who are particularly careful about the civil service now that they are in opposition.

What we are asking is that the guards and officers in the penitentiary force shall be chosen on merit. The Civil Service Commission does not have an opportunity of inspecting applicants and making their personal acquaintance as could be done by the superintendent or whoever is given authority by him to select these men. The penitentiary guards are really a quasi-military force, somewhat similar to the Royal Canadian Mounted Police. I do not consider that the altering of the present system of appointing these guards and other officers can be considered as an attack upon the merit system. With appointments being made to this very important service in the manner provided for by this bill there would be more surety of obtaining those qualified for the positions. The appointments would be made without political partisanship of any kind.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): The speech just made by my right hon. friend, the hon. minister who is member for Argenteuil (Sir George Perley) is very similar to the one made by the hon. Minister of Justice (Mr. Guthrie) during the debate upon the resolution. At that time there were some hon. members on this side who were inclined to support the minister in what he was proposing as far as the appointment of guards, wardens and superintendent of the penitentiaries was concerned. If the bill did not go any further than that—

Mr. GUTHRIE: If we could get the bill into committee we could discuss the details.

Mr. MACKENZIE KING: I should like to finish first what I have to say. If the bill did not go any further than that I imagine many hon. members on this side would, in view of the special circumstances mentioned by the minister, be agreeable to the government having the special powers which it is asking for in this bill. The former Minister of Justice (Mr. Lapointe) has however pointed out that while this bill seeks to remove the superintendent, the wardens, the deputy wardens and guards from the control of the civil service, it seeks also to take out from that control practically the entire staff of the penitentiaries branch of the Department of Justice. One section of the bill provides that the governor in council may appoint inspectors, wardens, deputy wardens and other officers and in addition, such officers, clerks and employees as are necessary for the proper conduct of the business of the penitentiaries branch of the Department of Justice. These last mentioned employees are not upon the staffs of the penitentiaries; they are in the penitentiaries branch of the Department of Justice. Unless the minister has his bill amended in these particulars, all these clerks and officials, including a purchasing agent, will be taken out from under the control of the commission. The bill provides also that the governor in council shall approve the salaries to be paid to these different officials. These clerks and officials are similar to the clerks and officials in other departments of the public service, and there is no more reason why they should be taken out from under the provisions of the Civil Service Act, upon special or other grounds, than there is for taking out from under the provisions of that act the officials of the Department of National Defence, the Department of Railways and Canals, the Department of Trade and Commerce or any other department of the public service. If my right hon. friend has been speaking on behalf of the ministry of which

he is a member, I suppose we can assume that the Minister of Justice intends to amend the bill.

Sir GEORGE PERLEY: No. I am simply supporting my colleague the Minister of Justice in connection with this very necessary legislation.

Mr. MACKENZIE KING: Apparently the government hoped to get this bill through second reading without opposition by giving us the tender assurance that such was all that was being asked for. We find now that the government is asking for something more; it is seeking to take out from under the provisions of the Civil Service Act large numbers of clerks, officials and others who are not connected in any way with the actual administration and management of the penitentiaries. If such is the view, we will find it necessary to continue to oppose this measure as strongly as possible on its second reading.

Hon. CHARLES STEWART (West Edmonton) Mr. Speaker, I just wish to say that I do not agree with either my leader (Mr. Mackenzie King) or the former Minister of Justice (Mr. Lapointe); as far as I am concerned, I am opposed to the whole bill and intend to vote against it. I may have some doubts as to the superintendent, but I have no doubts as to the other officials. I look upon this bill as an attempt on the part of the government to take a large number of officers out from under the control of the Civil Service Act. I have not heard one single word in explanation of why these officials should be removed. The statement has been made that a better class of civil servant could be employed if the appointments were taken away from the Civil Service Commission, but I cannot understand why the Civil Service Commission should not be efficient in one department when it is efficient in others. A great majority of the selections made to-day are made upon the recommendations of the officers in charge or of the men under whom the appointees would work, and until further reasons are given as to why a change should be made in this method, I propose to vote against the bill.

Hon. HUGH GUTHRIE (Minister of Justice): Mr. Speaker, there are just one or two remarks I wish to make, particularly with regard to the superintendent. A rather embittered censure has been made of this official by the hon. member for Kingston (Mr. Ross), the hon. member for Quebec South (Mr. Power) and the hon. member for West Lambton (Mr. Gray). Replying to these hon. gentlemen, I might say that this official is an appointee of the Civil Service Commission. I knew of General Ormond by name and reputation but I never had the pleasure of meeting him personally until after he was appointed last August. The Civil Service Commission proceeded by way of advertisement and examination of applicants and recommended the appointment of General Ormond. I have no reason to regret his appointment. From all I can gather, in the eight or nine months he has been acting as superintendent of penitentiaries, he has done excellent work; he has devoted himself at the rate of probably eighteen hours a day to the work of those institutions and has produced a tremendous improvement throughout all the penitentiary systems in Canada. An exaggerated idea was, I think, conveyed by the three hon. members who discussed that clause in the superintendent's report in reference to returned soldiers. I see no object in exaggerating matters of that kind as has been done to-day.

Mr. MACKENZIE (Vancouver): The statement speaks for itself.

Mr. GUTHRIE: It might have been well had that not been in the report; but it is there and everybody concerned has read it. I see no reason, however, for the use of such language as has been used in the house to-day in regard to that particular statement.

Regarding the statement of the hon. member for West Lambton (Mr. Gray) about returned soldiers, as I intimated when I moved this resolution, a large number of returned soldiers will certainly be employed, but it will be very difficult to apply to guards and other officials in penitentiaries the particular section of the Civil Service Act which gives preference to returned soldiers. The preference includes disabled men, and the greater the disability, the greater the preference. That would hardly apply to the class of men we desire to secure in our penitentiaries.

Mr. CHEVRIER: That is true within reason.

Mr. GUTHRIE: That is the language of the act, but I am in favour, so far as we can do so, of employing practically all returned men. We cannot, however, employ pensioners who have been disabled—that, I think, goes without any further argument—for positions of the kind to which I have referred, such as wardens, keepers and guards in our penitentiaries.

The other point with which I wish to deal is that the officials regarding whom I feel chiefly concerned, and perhaps the only ones, are those who are in actual control in the penitentiaries. There is a very limited staff

outside the penitentiary walls; there is a headquarters branch where there is a purchasing agent and one or two clerks, and then there is the general headquarters branch where there are some stenographers, bookkeepers, auditors and the like. I am not going to press that these be taken from the jurisdiction of the Civil Service Commission. The only ones that I have any desire to remove from its jurisdiction are those actually in the penitentiaries in administrative positions and the superintendent and inspectors who are called upon to visit the penitentiaries and to work in connection with those staffs.

I was glad indeed to hear the remarks of the hon. member for Quebec East (Mr. Lapointe) in regard to those particular appointments. He feels, as I do, that those men occupy positions of great risk and danger and when anything happens such as did happen in Kingston last fall or in St. Vincent de Paul, naturally, the blame rests upon the shoulders of the head of the department or the minister. The minister at the same time is not permitted to make the appointment of the officials who are to use their efforts to secure the safety of those institutions. I would not have the slightest objection to the bill being amended so as to confine it to persons actually engaged in the penitentiaries, excluding the branch at Ottawa. The important part is the institution and not the branch. I thought the bill would get a second reading without division, but we are prepared to rest on the bill as it is presented and do any amending in committee.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Gagnon in the chair.

On section 1—Governor in council to appoint inspectors, wardens, officiers and clerks.

Mr. MACKENZIE (Vancouver): In concluding the debate on the second reading of the bill, the minister referred to certain exaggerations by three hon. members regarding the report made by the superintedent re Kingston penitentiary disturbances, 1932. The language of the report speaks vividly and lucidly for itself, and I am sure the Minister of Justice could not accuse any hon. member, on whichever side of the house he might be, of indulging in exaggeration in regard to the conduct of an official of the government and of parliament and of the people of Canada who would use the language quoted by the hon. member for Quebec South. Let me quote only two lines of it as follows:

> Having terminated from three to five years' service with the rank of private, which would indicate that they had reached their limit in military advancement, and could not be expected to show a higher standard in civil life.

I am sure the minister does not agree with that statement.

Mr. GUTHRIE: I would not have used that language.

Mr. MACKENZIE (Vancouver): Neither would any other minister have used it, and I maintain that a superintendent of penitentiaries who would use such language as that in a government report should be dismissed from his position, because it shows a bad example to the people of Canada. This is not a partisan question. I am sure any hon. gentleman opposite would agree with me that this language should not find its way into a government report, and therefore I was surprised to hear the Minister of Justice suggest that those who spoke from this side this afternoon had been indulging in exaggeration. I do not think the English language contains words sufficiently strong to condemn the attitude and language of General Ormond as evidenced by the statement that I have read to the committee. He has been condemned by the country, condemned by the house, and he should be removed from his position immediately.

Mr. CHEVRIER: Now that the governor in council may appoint a superintendent of penitentiaries, perhaps the minister will say upon whose recommendation and in what manner he will be appointed. Is it intended to follow the regulations laid down by the Civil Service Commission as to the qualifications of a superintendent of penitentiaries, the lines of promotion, compensation, and the manner in which the appointment shall be made?

Mr. GUTHRIE: It will be taken from the Civil Service Act and follow the Penitentiary Act. It will be done on the recommendation of the minister of justice for the time being, whoever he may be.

Mr. CHEVRIER: So that there will be no regard for the present qualifications?

Mr. GUTHRIE: Not the qualifications under the Civil Service Act. Such qualifications would not be binding because they do not apply.

Mr. CHEVRIER: Will the minister say what will happen in the case of superannuation? If the minister says that superannuation will go with the position, then the superintendent, being outside the superannuation law, cannot get superannuation.

Mr. GUTHRIE: We may have to amend the Superannuation Act.

Mr. CHEVRIER: Is that conducive to uniformity of law in the service?

Mr. GUTHRIE: I do not think it will hurt it.

Mr. CHEVRIER: I might ask the same question as to the other officials.

Mr. GUTHRIE: I think they will all have to come in.

Mr. CHEVRIER: Then the whole Civil Service Superannuation Act will have to be jamboreed again to meet this particular purpose.

Mr. STANLEY: I wish to say a word in regard to General Ormond. I have no particular brief for him. I knew him in my political life in Alberta many years ago when he was a very strong opponent of the side to which I belonged; he took an active part in politics and was always on the opposing side. During the election of 1930 he had the pleasure of voting against me. Politically speaking, therefore, I have no axe to grind in saying a word on his behalf. I would not want it to be understood that in voting against me in 1930 he used his position in any offensive way. Certainly no accusation of partisanship can be levelled against him. A bitter personal attack has been made on General Ormond in this house to-day. It has always seemed to me that it is not a proper practice to attack a member of the public service in this house where he has no opportunity to speak for himself, particularly when it is a matter of extracting a few words out of a report and giving them an interpretation to suit the convenience of the occasion without the man accused having the opportunity to defend himself.

When General Ormond was attached to the militia department he was highly respected by the individual private soldiers. I am speaking from what I know in the city of Calgary when General Ormond was officer commanding military district No. 13. Although we have had a number of distinguished soldiers in charge of that military district I am safe in saying that no other man who occupied that position held the respect of the individual soldiers and of the militia in Calgary and district to a higher degree than did General Ormond. As I said, I have no political axe to grind on his behalf. How he got his appointment is nothing to me, but certainly he did not get it because he belonged to the political party to which I belong. I presume his appointment came through the Civil Service Commission, as it should, because of his merit. But this I do wish to say, that the bitter attack that has been made on him here to-day is not justified by his record in connection with the soldiers of Canada during his term of office in Calgary.

Mr. POWER: I have never suggested that any attack which I made on General Ormond was justified by anything other than the statements he made in his official capacity in the report submitted to parliament. As to General Ormond's conduct before he was appointed to his present position I know nothing, but I am informed that he was a good officer and that he served his country faithfully and well during the war. Now I am informed that he is a Liberal. It is too bad that he allowed his principles to go astray when he joined the government service, but apparently that is what he did, judging by the observations which he makes in this report. My opposition to General Ormond is based purely on the report which appears as a public document. I entirely agree with the hon. member for East Calgary that it is most unfair to attack a public official who cannot defend himself, but General Ormond took it upon himself to lay this statement before the public of Canada and to cast a slur on about six hundred thousand men who cannot defend themselves either. He used his position to cast a slur, and whatever interpretation my hon. friend from East Calgary (Mr. Stanley) or the Minister of Justice can give other than it was a slur on these men I am unable to understand.

The Minister of Justice (Mr. Guthrie) said that the thing was exaggerated. I said nothing other than was stated in the report itself. It is an official report. The Minister of Justice himself saw this report before it was presented to parliament, and I would have thought that the minister would reprimand his official for having made any such slurs in a document to be presented to the Canadian people. This is more important than perhaps it would appear. We are now placing in an official document, which is going to remain in the archives of this house and in the archives of this country, a deliberate insult on six hundred thousand of the finest flower of our manhood who went overseas. It is bad enough, heaven knows, that this session will be marked in the minds of the returned soldiers in Canada as the blackest session since the war. It is bad enough to take away their preference. It is bad enough to repudiate the most sacred of national obligations by taking away pensions from some of them, without our permitting the grossest and most exaggerated statements, statements that are false, to be made against the troops, insulting the men who served their

country overseas. I should think it would make every soldier on the other side rise up and defend his comrades.

Mr. STEWART (Lethbridge): I think I can safely say that since the war I have been busier looking after my own reputation and character so far as my soldier life was concerned than I have been in condemning the action and reputation of any other man serving in France. I believe it is my privilege to have known General Ormond longer than any other member in this house—some twenty-two odd years. I knew him when he was a young officer; I knew him when he served as major and adjutant of his battalion, and I also had some relationships with him when he was in command of the Ninth Infantry brigade. So I think I can speak from experience in regard to some of the things that have been said this afternoon, because I carried a rifle as a private soldier longer I believe than any other member of this house, and any remarks which might be made against the reputation of the private soldier would necessarily affect one like myself who had had some experience as a private.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. STEWART (Lethbridge): Mr. Chairman, when the committee rose at six o'clock I was pointing out that it has been my privilege to have some experience as a private soldier and also to serve in other situations in the army, and as a result of such experience, I will say that a man who is a private in the army needs to have just as much initiative as, and possibly should be able to act more quickly than, a man who has heavier responsibility. If ever a man should feel entitled to hold up his head and stick out his chest, as it were, it is after he has fulfilled his duties as a private in the ranks. Having said that, I think I may safely add that no man who occupies a responsible position in the army could properly carry out any of the objects or duties assigned to him unless he had the support and cooperation of those who were serving with him as privates, gunners and drivers.

Having been an active member of two returned soldier organizations since the war, and having spent considerable time in their club rooms, visiting them quite frequently, as a member both of the legion and of the Army and Navy Veterans, I regard it as a peculiar thing that not one word of protest has reached me regarding the statements made in the penitentiary report by General Ormond. Consequently I am forced to the conclusion that the returned soldiers do not place upon that report the interpretation placed upon it by some hon. members this afternoon.

Mr. GRAY: You have a good imagination.

Mr. STEWART (Lethbridge): It may be imagination, but I tell my hon. friend from West Lambton (Mr. Gray) that I am as closely in touch with the private soldier as he is, and not one man in the province of Alberta has sent a protest to me concerning this report.

I have known General Ormond for a great many years. He used to live in the adjacent constituency, and one thing that the Conservatives could always rely upon was that he would lead the Liberal forces against us. Consequently, as far as this appointment is concerned, I think I am safe in saying that it was made strictly by the Civil Service Commission. General Ormond has always been a close friend of mine, and I think he carried out his duties as a junior officer just as efficiently as he did those of a senior officer. In regard to the statement of the hon. member for West Lambton—I am glad to see that he is present this evening—I am sure that with his customary fairness not only to members of this house but to a comrade, a returned soldier, he will not take it amiss from me if I correct the statement he made this afternoon with reference to General Ormond. It happens that General Ormond and myself were in the same division; we were moving over from France at the time. When the trouble was on at Rhyl, General Ormond was in command at Ripon, and in order to make some headway towards overcoming the trouble at Rhyl, General Ormond was sent there in command to see if he could do something to set matters right.

Mr. GRAY: He was there while the riot was on.

Mr. STEWART (Lethbridge): He arrived there when the riot was at its height, but he was sent for from Ripon to Rhyl; consequently I think it was a great commendation of his ability as a leader.

Mr. GRAY: I was going to qualify my remark and to say that there were some riots he missed—there were several he was in—but now I do not think I will qualify it.

Mr. STEWART (Lethbridge): I wish to treat the hon. gentleman's statement with all fairness—

Mr. GRAY: I am certainly not reflecting on the hon. gentleman.

Mr. STEWART (Lethbridge): I think in all fairness to the returned soldiers that the situation with regard to Rhyl should be explained.

Mr. GRAY: I will take it under consideration.

Mr. STEWART (Lethbridge): I will have to leave the hon. gentleman to follow his own course and the dictates of his own conscience. The action of the returned soldiers clearly shows that they do not place the same interpretation upon the report as that given by my hon. friend.

Mr. STITT (Nelson): I wish to join with the speaker who has just taken his seat (Mr. Stewart (Lethbridge). I happen to know Brigadier General Ormond. I went through Rhyl, arriving there I think the day after the riot. The riot of course was due to a misunderstanding which circulated about Rhyl that British bottoms were being used to carry American troops home while the Canadian troops were left lying around the base. I well remember when General Ormond came there, I think by airplane, and he did not take long to get the situation straightened out. I have always known him as a very fine type of citizen and a good officer, but I certainly agree, with what hon. members on the other side of the house have said in regard to that statement as to the private soldier not being qualified to hold a position as prison guard. I take that stand as one who enlisted as a private soldier and spent some two years as such in France. The point I would like cleared up by the minister is whether or not we are to take it from that statement that no man who has served in the army as a private soldier is to be considered for a position as prison guard. That is the only logical inference I can draw from the statement; if I am wrong, I hope someone will put me right. If it is a proper inference, it would put me in a very difficult position in voting on this bill, so I hope the minister will clear it up.

Mr. GUTHRIE: I might clear that up at once, Mr. Chairman. The expression which has been referred to was unfortunate, but it was used inadvertently. There is no doubt it had application to certain men on the staff of the Kingston penitentiary, and had not and was not intended to have any general application.

Mr. GRAY: There was no qualification.

Mr. GUTHRIE: Will the hon. member pardon me until I give my interpretation? It was not intended to have any general application to the men who served this country at the front. I can assure my hon. friend it will have no application in the future.

Mr. MITCHELL: In view of the apology that has been made for the writer of this report, I think he should be asked to withdraw that statement. I believe this House of Commons should insist that that be done, that in doing so it would reflect the view of the people of this country. Because after all it is not like some observations made by members here this afternoon—it was not extempore, it was studied. Notwithstanding what the Minister of Justice has said, it reflects the studied opinion of a military officer in charge of our penitentiaries as to the inferiority of the private soldier and his unfitness to hold a position in a penitentiary. It is not merely an offhand expression of opinion; it is in a report. It has been said that there has been no objection from the returned soldiers. That can be readily understood as due to the fact that this report has not received as wide circulation as it might have. I know something of the temper and outlook of the average man who served in the forces, and had this report received the publicity it should have, in view of the statement contained therein, the government and the minister in charge of this department would have received plenty of criticism from the returned soldiers' organizations.

Mr. ROSS: Mr. Chairman, perhaps I may be pardoned for referring for a few moments to the report with regard to what the superintendent calls the riots in the Kingston penitentiary. First I should like to direct attention to the fact that there is no institution known as the Kingston penitentiary; it is the Portsmouth penitentiary, but perhaps we can pardon inexperience in that regard.

My good friend who sits behind me said we were talking about a man who has no chance to reply. I am not going to attack any military man on his service; God knows we had enough to do to hold our own, and we did the best we could. But I am going to attack a man who makes a report on penitentiary riots, and I am ignoring the fact that he is a returned man. If it is not fair to criticize him in this house what recourse have those men who have been dismissed without a hearing? What can a guard do who has been dismissed by the superintendent and put on a black list so that he cannot be employed in any other department for fourteen years? What can a deputy warden do, though he gave twenty-eight years service in this institution and had not a mark against him? He is

written up in this report; he has had no chance to defend himself or even have a public hearing where he could say that the charges made against him, to which I am going to refer, are false? If it is unfair to attack this gentleman certainly it is unfair to these people to be dismissed without a hearing and without an opportunity to defend themselves.

In this report the superintendent of penitentiaries even went into past complaints, things that did not affect him at all, and men were dismissed for those reasons without a chance to defend themselves. They discharged a messenger who had given eight years service, a man who simply went where the warden sent him. His father had been in that institution for fifty-two years; his uncle had been there for forty-three years. His grandfather had seen twenty-seven years service: that makes a total of one hundred and thirty years of service given by this family, but this man was discharged, and the reason given was that his education was deficient. What is the history of the case? The history, which is a proud one, shows that this charge is puerile. Two of the boys were educated as doctors; one was educated as a priest and the only girl in the family is the bursar of the Hotel Dieu, which is one of the largest institutions of its kind in our city. This boy went through public school; for eleven years he worked for the largest departmental institutions in Kingston, but now he is put out because of deficient education.

These poor fellows had no chance to defend themselves; they were given their papers and let go. This gentleman threatened them with instant dismissal if they dared go near a member of parliament with their complaints. When a man is dismissed from a public institution—and there have been forty or fifty in the last three or four months—where is he to go for redress if not to his member of parliament? Who else can take up these cases? For the last twenty years these men have been told that if they dared go near a member of parliament they would be dismissed instantly; that is the sort of thing that has been going on. I have no criticism of this man as a soldier; his record is good, but as the writer of reports on penitentiary riots certainly he has fallen down.

I had hoped that this gentleman would be fair. He knows the treatment given even a private in the army when he is charged with some misdemeanour. You cannot punish any private in the army unless you bring him before a court martial, where he can defend himself and where he will be represented by counsel. This man, however, refuses even a hearing to his discharged employees. I thought the last administration was pretty bad in its treatment of the guards, but under this gentleman this administration is even worse. After hearing about 650 convicts without being able to locate the two or three leaders in the riot, this man called in the guards and swore them to secrecy so that they would not dare tell what he questioned them about. Can any fairminded man, any British citizen in this country, imagine that sort of treatment, under which a guard is taken in and sworn to secrecy and then, three or four days later, is discharged? This is the treatment that has been given, and that is why I am protesting to-night.

This is a onesided report; it is misleading; it misrepresents and distorts the facts, and it is brutal and unfair in its treatment of these people. I am going to prove those statements. I know if the Minister of Justice or the ex-Minister of Justice had the facts before them something would be done, but as they say they must stand behind their officials. At the same time there should be some investigation if they are getting untrue reports. In this connection I might refer to a report filed here a year ago with regard to these brokers. They were supposed to be working, mixing cement, digging roads and ditches, and so on, but they did that work only after the question was asked in this house. I have a sworn statement here, which I should like to read:

> When the brokers came to Collins Bay they were put on duty as waiters in the officers' mess—

I hope neither the Minister of Justice nor the ex-Minister of Justice will take this as personal; I hope they will understand that it is the truth, which was not stated in the reports furnished them.

> —causing the former waiters, who were perfectly satisfactory, to lose their jobs, and as a result they were put in the "bull gangs," digging and excavating. Stobie—

I hope I will be forgiven for mentioning names, but it must come out.

> —was put in the officers' mess. Forlong was made secretary to the deputy warden, Young was made secretary to the chief trade instructor while Bill Smart was secretary to the chief engineer. Shutt was found a position in the general offices. Campbell was appointed librarian to look after the library, which consisted of about twelve books, his duty being to take in and give out the said books.

Now I am going to refer to the report in general, and first I will have a word to say as to the general conclusions. As a report this is not worth the paper on which it is written. After spending three or four months hearing the stories of 650 convicts and swear-

ing the guards to secrecy, what were the conclusions arrived at by this gentleman? These are the conclusions:

1. Insufficient supervision covering a period of not less than ten years.

Must I defend my good friend the present Minister of Justice and my hon. friend the ex-Minister of Justice on this charge?

2. Insufficient and inefficient inspection covering not less than a period of ten years.

This young gallant from the west, riding through, certainly has some idea of himself.

Mr. DUFF: Young Lochinvar has come out of the west.

Mr. ROSS: Why should guards be dismissed on this account?

3. Inefficient officers being retained on the staff of Kingston penitentiary.

I do not agree with that. Some may be pretty old, and this minister has dismissed some, as did also the late minister.

4. Lack of knowledge of, and familiarity with, penitentiary rules and regulations.

I do not suppose he knew what they were when he wrote this.

5. The desire on the part of certain long term convicts to have less rigorous rules and regulations enforced within the penitentiary.

This is a peach. If any of us were in there would he not endorse that? Just imagine!

6. A plot or scheme on the part of certain convicts to escape from the penitentiary.

Well, I have never known a year when there was not a plot or something of that kind among inmates to escape from this penitentiary.

7. Admission in the Kingston penitentiary during the month of February, 1932, of certain convicts who were especially adept in organizing and inciting disturbances against constituted authority.

Where else would you send such people?

Mr. LAPOINTE: They are bad boys.

Mr. ROSS: The next is:

8. Deprivation of convicts of cigarette papers and fine cut tobacco, pipe tobacco being an authorized issue.
9. The large number of young and irresponsible convicts who are now confined in Kingston penitentiary, many of whom have had experience in reformatories in Canada and elsewhere.

If this is correct, it is one of the most damning things in the whole service, that boys who have been in reformatories have so soon gone to penitentiaries.

10. The monotony of penitentiary confinement.
11. I am also of the opinion that two or three convicts, whose identity has not been disclosed up to the present time, are the principal organizers of the outbreak.

Mr. LAPOINTE: He does not know who they are.

Mr. ROSS: No. If he had gone to any six guards, to any one guard in the penitentiary, he would have been told who the ringleaders were, without having to spend all this money and take up so much time. Now let us see what the complaints are which were received from these 650 convicts. Here they are:

1. Deprivation of cigarette papers.

If that is one of the causes of the riot, they have been given this article and therefore they were not justified. He refused it and now endeavours to excuse himself by saying that one warden did not agree with that.

2. Close-cropping of hair.
3. Lack of recreation and amusement.

He declares that when he went there he noticed that these convicts were washed out, but he was not there very long before he found that there was more life in them than anyone could imagine.

4. Insufficient open air exercise.
5. Lack of newspapers and magazines.

These fellows did not only want the Globe and the Mail; they wanted their own home papers supplied them.

6. Insufficient lighting in cells.
7. Harsh treatment by officers.
8. Compulsory church attendance.

That must be true, because since the riot there has never been a church parade.

9. Insufficient medical treatment.
10. Insufficient dental treatment.

Who was to blame? He was going to fire both the doctor and the dentist but he found that headquarters had something to do with it.

11. Lack of toilet articles, combs and mirrors—

And cosmetics too, I suppose.

12. Punishments improperly awarded for breach of rules.
13. More frequent letters to and from convicts.
14. Increased number of visits to convicts.
15. Lack of paroles.
16. Objection to steam-cooked food and monotony of prison diet.

Now these things have all been given them, and yet these complaints are set down as leading up to the trouble. Let me now refer to something else. As hon. members know, there is a female prison up there which cost $750,000. There is a high wall around it, as high as the wall around the other prison, and outside of that there is a formidable wire

fence. I said to the architect one day, "What is the idea of this fence? Are the women better climbers?" He said, "No; that is to keep those outside from coming in. There is too much of a demand to get into the penitentiary to-day." And why not? Think of the treatment the prisoners get at Christmas. During the Christmas season, when there were so many hungry people in this country, and many of those who were doing their best to obey the law were without food and clothing, these fellows had a magnificent Christmas dinner and after that dinner each one was given his little Christmas stocking containing a pound of mixed candy, a pound of chocolate, a pound of mixed nuts, a pound of grapes and oranges, bananas and so forth. These fellows who had no regard for law received this treatment; and more than that to each one was sent a Christmas card, wishing him a merry Christmas and a happy new year.

Now we are told that we must not say anything about this man who cannot answer; yet in that report, I say, there is an attack on Inspector Smith which is most brutal and un-British. Nothing can surpass it except the treatment which the Iroquois gave their victims, when they could pour boiling water over them. Nothing, I say, could surpass the treatment this man has given Inspector Smith. Remember, he is only an inspector, acting warden, and not at all responsible; yet this is the way he is treated; the knife is thrust in and turned round and round so as to kill him. The idea is to destroy him for good. What did Smith do? This report states that Smith put himself in the hands of the convicts. He followed the procedure laid down by the regulations. These troubles have always been treated by either the deputy warden or the warden going down and talking to the convicts. According to the report, Smith was a terrible coward and did many things he should not have done. I do not know Inspector Smith because I never had more than a couple of dozen words with him, but I like to see British fair play. He was doing just what had always been done; he went down to meet these fellows after having been sent for by the deputy warden. What happened when he talked to these men? They went back to their cells. Has similar action been taken in other cases? I should like to quote from Recollections of a Prison Governor by Lieutenant Colonel C. E. F. Rich, as follows:

> It was at this stage of the affair that I, trembling in every limb with blue funk, sailed into the middle of a seething and blasphemous mass of convicts armed with sticks and stones, all only waiting for one of their number to throw a brick or strike a blow, when the fat would immediately have been in the fire. However, I managed somehow to conceal the fear I felt, and, with a flow of language which I flatter myself was equal to anything that even my practised charges could muster, I bluffed the assemblage to such good purpose that they actually got into some sort of order.

If Smith had not settled this trouble as he did he might have been criticized. This report goes on to heap further indignities upon Smith by saying that he obligated the superintendent. Such a statement is unfair. The only thing Inspector Smith promised was that these men would get a hearing. The report states that the officials were all in a funk, that they were amazed and dazed and did not know what they were doing. What amazed them? This thing had been going on for three days and they had been under the greatest stress and strain. This man came in and started to find fault and began to use language such as "God damn your soul."

The CHAIRMAN: Order.

Mr. ROSS: I am using the words exactly as they were said. If they are not true, they can be refuted, but they will not be refuted by the men who were there and heard them. Similar language was used to the clerks and everybody else.

Mr. LAPOINTE: Was he addressing convicts or guards?

Mr. ROSS: He never went near the convicts.

An hon. MEMBER: Who was that, Ormond?

Mr. ROSS: It was Ormond, and that was the language he used. Then he goes on and reviles the deputy warden, a man with twenty-eight years' of service. He charges him with two or three things, such as being down in the yard with a shotgun on his shoulder. Anything to heap indignity upon these fellows. These men have never been given a chance to reply to these charges. He states that the deputy warden changed this man Behan without orders. The deputy warden absolutely denies this charge, but he cannot get a hearing.

Mr. Chairman, I am treating this matter with some heat, but these people are my constituents. This matter does not affect any other hon. member in this house. These questions will be answered and the answer will be given at election time. I am going to see that these men are given a hearing and permitted to state their case. The report states that these things date back for ten years. Every year we have had rumours of

prospective riots but the men in charge have handled them in such a manner that they never occurred. To accomplish this result they adopted the procedure now condemned by the superintendent. I have never been a worshipper or follower of Hughes or Ponsford but let me say that no riots occurred under Hughes and Ponsford. How can he say that these things date back ten years? On reading the files I find that the ages of the men brought up for trial were twenty years, twenty-one years, twenty-two years and so on. Where were those boys ten years ago? On their mother's knees. What is the use of talking of ten years ago?

He then goes on to speak of firearms. Apparently he does not know that in the interests of economy the government took off the armourer and these men had to take care of the firearms themselves. I am not interested in the communists or other bad elements in the penitentiaries, but I predict that if firearms are supplied freely and these men are instructed to fire just as quickly as they can pull the bolt and load, there is going to be trouble just as sure as day follows night. When it does occur it will be very difficult to explain, because public opinion is against the taking of life by firearms. The superintendent puts all these things down as causes for the trouble, but he has not struck the real cause. In my opinion the real cause of the trouble has been the failure to fill vacant positions. The treasury board say that they do not feel like paying out the money to fill these positions. As far back as the regime of the former Minister of Justice (Mr. Lapointe), Ponsford was kept for years without a deputy warden and a chief inspector. It is quite true there were acting officials, but an acting official has not the power and authority of one who is duly appointed. There were no outbreaks until this man came along, and from then on there was a continuous trail of them. I blame the superintendent for these riots, and I charge him with being the cause.

Mr. STANLEY: The new superintendent?

Mr. ROSS: The hon. member does not know anything about penitentiaries. When he rises to ask a question, I will answer it. When the superintendent made his first visit to that institution, there were six or seven men there who had been connected with the riot in the stone gang. Those fellows were very bad actors and they were being kept in isolation. He released all but one. Most of them have been put down now by his own official and representative as the ringleaders in the last riot. Under an experienced person those men would not have been released until a better disposition of their case had been made. Fortunately one man not named was not released; if he had been there would have been bloodshed, because he has not yet taken part in anything without blood being shed.

When the superintendent arrived on the occasion of the second riot, he was to have heard those convicts, but instead of doing that, I am told that he spent his time searching the criminal code for some provision under which he could prosecute the mayor of the city of Kingston. Surely no government official has any right to go into a man's private residence and quarrel with him; nor has one the right to go into a private citizen's residence at midnight, though this was not done in this case, but in another. The citizens of this country have some rights.

Mr. BEAUBIEN: Did the superintendent do that?

Mr. ROSS: The superintendent visited the mayor. These prisoners were promised a hearing, but though time was valuable then, several days elapsed without any hearing. They asked that a deputation be permitted to see him, but he refused. The deputy warden kept warning him that these men were getting restless, out of hand, and could not be controlled. Then he did hear one or two of them separately, and the outbreak occurred. No one but himself was responsible for the second riot.

I pointed out to the officials at the top that there was danger ahead; that this penitentiary was so crowded that men were sleeping in the corridors. At the time ninety men were sleeping in the corridors with all possible means of contact and nothing yet has been done in the way of lessening that evil. There is something at the bottom of all this trouble and I have repeatedly pointed out what I think it is. Let me illustrate: On one occasion a boy fifteen years of age and wearing knee breeches, was brought into the penitentiary accompanied by a six-footer. What was the trouble? This man had arrived at the boy's home on the bay of Quinte. The boy knew no crime, no wrong. It is true that his father was not all he should have been, but the boy had never gone wrong. He had a dog and a sleigh, and the man coaxed him one day to hitch his dog to the sleigh and come along with him. The boy escorted the man across the bay to a summer camp and some things were stolen from it. Along with this man that fifteen year old boy was sent to Portsmouth penitentiary for two or three years. This boy did not know that he had done wrong, and when he arrived at the institution in those knee breeches, he burst into tears. What was his

reason? "I am afraid", he said, "that nobody will feed my dog." That boy knew no crime until he got into that penitentiary; now he is there on his fourth commitment and he stands to-day as one of the ringleaders of this riot. Who is responsible for such a situation?

Mr. STANLEY: The present superintendent.

Mr. ROSS: Don't be so smart. If the hon. member cannot talk sense, let him be silent. Who is responsible for a condition of that kind? That boy is now languishing in the Kingston gaol waiting to be tried as one of the ringleaders. Let us get down to the basic causes and stop these young boys from being sent to penitentiaries, and in that way the number of criminals will be lessened. Once a boy enters this institution, if he is allowed to finish his sentence, he is done. This superintendent comes in without experience and writes up the causes of riots, when the penitentiaries are filled to overflowing with boys of seventeen, eighteen, twenty, twenty-two years of age; these are boys who are first sent to a reformatory and then, if they escape from there, they are sent to the penitentiary. From then on they are finished; they are in the professional class. Such facts mean more to me than the swallowing of a wishy-washy report such as the one before us. Had this superintendent waited until he had gotten his feet and learned conditions, I am satisfied he would have written a report far different from this one. But no matter what my good friends behind me think, this is my constituency; I am responsible for it; hon. members do not understand conditions, and if they knew the actions of the superintendent when he visited the penitentiary; if they knew other things that should be brought out into the open, they would come to the conclusion, just as I have, that he is not a fit and proper person for this position.

Mr. GUTHRIE: I did not expect in the committee stage of this bill we were going to go into the question of the penitentiary riots, but there are a few statements of my hon. friend from Kingston (Mr. Ross) which I can answer without the papers which I should otherwise have had before me. I have been aware for some time that the hon. member for Kingston was not very complimentary to the gentleman who was selected and put into office on August 1 of last year as Superintendent of Penitentiaries of the Dominion of Canada. I am just as fully aware from my hon. friend himself that he was just as unfavourably impressed by the superintendent who for ten years preceded the present appointee. Perhaps some day we may get a superintendent exactly in accordance with the ideas of my hon. friend, but it is evident we did not succeed in the choice of the late superintendent and we have not, or the Civil Service Commission has not succeeded in selecting a suitable man in the present instance, according to the views of the hon. member for Kingston.

My hon. friend mentioned a serious affair which occurred in the Portsmouth penitentiary in the month of August, 1931. A very serious plot, involving some six or seven dangerous prisoners, was discovered through one of those implicated getting cold feet, as the saying is in the penitentiary, and informing the guards or the warden of what was contemplated for the following day. The prisoners were all immediately locked up; a search was made; certain knives and other dangerous weapons were discovered and the plot was frustrated. That was a year before the present superintendent took office. Under the regime of former Warden Ponsford and Superintendent Hughes these seven or eight prisoners were confined in isolated cells. When the new superintendent took office and made his first visit to the penitentiary some time in August last year he made inquiry as to who occupied the punishment cells, and was informed in regard to these seven or eight prisoners and the length of time they had been in punishment cells. I understand that after consultation with the officials the superintendent ordered the release of six or seven of these prisoners, leaving only one man, known in that prison as two-gun O'Brien, in the special confinement cells. My hon. friend the member for Kingston suggests that the release of these seven or eight prisoners by the superintendent after they had been over a year in confinement precipitated the riot in Kingston penitentiary. All I can tell my friend is that his suggestion is absurd.

He has criticized the superintendent's report on the happenings at Kingston made after a full investigation of the facts. There is no doubt that the trouble had been brewing for a long time. Matters in regard to the penitentiary had not been very satisfactory for a considerable time before I took office. I know that when I did take office there was constant friction as between Warden Ponsford and Superintendent Hughes, and there was a line-up of partisans and sympathizers among the officers of the penitentiary supporting, on the one side, the superintendent, and on the other side, the warden. I had deputations on behalf of the warden, and my hon. friend from Kingston came in with him, and I had also

deputations on behalf of the superintendent, and had to hear his story. I came to the conclusion that there was a condition existing there which could only be cured by the removal of somebody, and thereupon I asked for the retirement of both the superintendent and warden. I think my hon. friend from Kingston approved my action in that regard.

It became necessary then to appoint a new warden and a new superintendent, and instructions went forward to the Civil Service Commission regarding these appointments. Pending the appointment of a warden, one of the inspectors was sent from Ottawa to take charge of the Kingston penitentiary. The acting warden was Inspector Smith. I am inclined to think, having regard to all the circumstances, that Acting Warden Smith acted the part of a brave man during that riot.

Some hon. MEMBERS: Hear, hear.

Mr. GUTHRIE: I believe he was in an exceedingly dangerous position, and I sympathize with him in the predicament in which he found himself. But where the superintendent has found that acting warden Smith was not quite as efficient as he should have been lies for the most part in the fact that as early as the twenty-eighth day of July preceding the riots, which took place in October, a document was found in that prison, clearly the work of a fairly well educated man, practically laying out a scheme for a revolt. That document had evidently been to some extent compiled from the book written by ex-warden Lawes of Sing Sing entitled Twenty Thousand Years in Sing Sing. There are passages in that document which are almost word for word from the Sing Sing book. The document was eight or ten pages long, and its concluding paragraph was, "This is copy number so and so. Pass it on to friends you can trust."

Acting warden Smith, I think, rather carelessly placed that document on his file in his office, and left it there and took no action in regard to it. That was in July. Later, in the month of September, through information obtained from prisoners in writing, the acting warden again received information that there was going to be serious trouble in the very near future, giving him particulars of what was going to happen, giving him information that had been passed out of the prison by certain guards, giving him notice of where outside influence was at work on behalf of the prisoners and for the purpose of a disturbance, giving him details of a plot whereby the walls were to be scaled by scaling ladders brought up on the river side, and various matters of that kind. Again, acting warden Smith took no action in the matter. He simply filed the document and awaited events. I agree with the superintendent—

Mr. GRAY: What the minister has just recited is not contained in the report.

Mr. GUTHRIE: I am not sure, but I can produce the documents, the evidence of acting warden Smith in regard to the statement I have made.

Mr. GRAY: I have no doubt, but it should have been in the report.

Mr. GUTHRIE: I read the documents and I know what I am talking about. Then came the disturbance in the month of October. My hon. friend from Kingston, in a very emphatic way, announces that in his opinion Superintendent Ormond was the man who had caused these riots. The idea is, I think, thoroughly ridiculous.

I might mention some other points that I just caught in passing. My hon. friend from Kingston seems to think that no guard should be removed unless he is given what he called a trial similar to that of a court martial. Now the law of this country, and I think of every British country, in respect to all servants of the crown will be found in chapter 1 of the revised statutes of Canada. Every servant of the crown is appointed and removable at pleasure. That applies to every member of the service. It is possible, without giving any reasons whatever, to retire any member of the civil service. If he is retired for cause, if he is retired for misconduct of any kind, he loses his rights; he forfeits his pension and anything that is payable to him by way of retiring allowance. But if he is retired as in the cases mentioned by my hon. friend from Kingston, for the greater efficiency of the service, he loses no rights; he gets his retiring allowance. That is the way in which the officials spoken of by my hon. friend were retired.

There were reasons given in every case. I live here in Ottawa. I occupy an office in the East block. I have paid officers to advise me in regard to matters of this kind. Reports come to me from the warden and from the superintendent, detailing the offences, if offences there be, or detailing the reasons why such and such a guard should be removed or retired. These men know the situation. They are paid to do so. They have examined the case and made a report, sometimes a very lengthy one. I have to study this report, and I have to come to the best conclusion I can on the evidence.

My hon. friend from New Westminster (Mr. Reid) this afternoon brought up the case of some guards out in New Westminster. I have time and time again gone over a long file in connection with each of these cases. All the dismissals to which he refers took place before I was minister. They were all approved by my predecessor. My hon. friend asks me now to override the position which the former officers and the former Minister of Justice took. I have not been able to do so. Similarly, in the case of the guards who have been discharged at Kingston, in every instance there was a reason, and a substantial reason. Many of the guards were most leniently dealt with when they were retired for the greater efficiency of the service. I do not know that it is necessary for me to put upon the pages of Hansard the evidence and reports, I do not intend to do so, nor do I intend to mention the names. But complaint after complaint having come to me from my hon. friend from Kingston, I have diligently gone over these reports, I have questioned the superintendent personally in regard to them, and the only conclusion I can come to is that I should follow the recommendations that he has made, and for the greater efficiency of the service I have concurred in the recommendation that these guards be retired. None of the guards is known to me personally; not a single member of the staff of the Kingston penitentiary is known to me personally. I do not suppose any of them were known to the superintendent until recently because he never was in the penitentiary until August of last year. But on his advice I have approved these retirements. In no case under the Civil Service Act, as far as I know, is a man entitled to trial by court martial when he is relieved from office as suggested by the hon. member for Kingston. I grant you that under that act if a man is charged with political partisanship the custom has been established that he shall not be removed until he has had a fair investigation. But such is not the law that applies in the case of the penitentiaries of this country. No man has a right to a formal trial who is appointed only "at the pleasure of His Majesty," as the saying is.

My hon. friend from Kingston takes a strong exception to the report made by the superintendent—

Mr. STEWART (Edmonton): At that point may I ask whether the dismissed guards themselves know what the cause of dismissal is?

Mr. GUTHRIE: They say they did not but I have not found any who have come to see me who did not know. I had one in to see me the day before yesterday; he knew why he was dismissed. If the case my hon. friend refers to is just a case of "a piece of paper"—I am not sure it is, but he says a certain guard was dismissed on account of a piece of paper—all I can say without giving names, is that the piece of paper constituted a very serious piece of evidence.

Mr. ROSS: May I say it is not the case? The hon. gentleman knows the case; I went to him—

Mr. GUTHRIE: Oh, that is the old case?

Mr. ROSS: Yes.

Mr. GUTHRIE: That was years ago—I was only a boy when that happened; I do not remember anything about it. That was fourteen or fifteen years ago, long before my time.

Mr. ROSS: And, now, fourteen years after, the man is refused a job.

Mr. GUTHRIE: I am not speaking of that. I refer to the case where one of the most notorious convicts in the penitentiary, when questioned by the superintendent, would not answer candidly until he knew whether there was a letter for him in the warden's office. One of the guards who was sent to find out came back; a large sheet of paper with the word "no", written in letters four or five inches high, was turned towards the prisoner who could see what was on it, and he immediately changed his evidence. The letter had not arrived. The prisoner was expecting something. The guard was let out. That is only one of the circumstances connected with his dismissal. I thought when my hon. friend from Kingston was speaking, that this was the case he referred to as "a piece of paper." The other I fancy is a case that took place fourteen or fifteen years ago, and while I have read the report made upon it I do not think it lies in my power to change the finding at this late date.

Another thing my hon. friend waxed rather merry upon is the conclusion of this report. He pointed out that everything the prisoners asked has now been granted. Of course that is an exaggeration, a few requests were granted. The question of cigarette papers arose in this way: up until 1923 prisoners had cigarette papers in the penitentiaries. For some reason they were then cut off, and it has always been a grievance among prisoners in all the penitentiaries that while they were allowed pipes and tobacco they were not allowed cigarette papers. They got their supply of tobacco and would make cigarettes with the usual toilet paper that is supplied. Last spring complaints became quite common in regard to the toilet

paper; it was porous, they said, and would not smoke as a cigarette. From that time on complaint after complaint was made about the want of cigarette papers. During his first visit to the penitentiary in August, 1931, the superintendent discussed with acting warden Smith that question of cigarette papers. He was inclined to recommend it; he consulted the various wardens in regard to it, and I believe all but one approved an allowance of cigarette papers. One did not approve. The matter had not been decided but was about to be decided when the first riot took place in Kingston. Now prisoners are allowed a moderate supply of cigarette papers. That was the first complaint of nearly all the prisoners who were examined. There were over seven hundred prisoners whose evidence I have read, and ninety per cent of them, placed the want of cigarette papers as their first complaint.

After cigarette papers I think the largest number of complaints would be on the question of cropping the hair, a reference to which caused so much merriment in the chamber. Prisoners object to cropping as an indignity. They complain that when their relatives come to see them it is a great indignity that they have to appear with a close crop. In some prisons in England now they allow the military hair cut, and the military hair cut is now permitted in the penitentiaries of Canada, in order to remove what the prisoners describe as a great indignity.

Lack of recreation and amusement was a common complaint, I am inclined to think that there was some ground for complaint in that respect. Exercise and recreation hours were not utilized as they could have been in what I would call useful exercises. The new superintendent has taken that matter up and has increased the time allowance for exercise and the method of exercise, and the reports I get from the wardens throughout Canada are that there has been a great deal of improvement in regard to the exercise, and far less complaint.

Lack of newspapers and magazines has been an outstanding grievance. In nearly all countries, as far as I know, the rule prohibiting newspapers in prisons prevails, although in Sing Sing and some American prisons these are permitted. There was recommendation by a commission in this country some ten years ago that weekly newspapers be permitted in limited numbers. That recommendation was never adopted. Magazines are permitted, certain classes of books are permitted. One great complaint is that the magazines when given to the prisoners have been mutilated by the censor, and all the interesting articles, they say, have been cut out. Newspapers have not yet been granted.

Insufficient lighting in the cells—I think there was a real grievance. I think they had only what they call a ten candle power lamp light. We have increased that to twenty-five so that in the long hours of darkness during the winter particularly they will have a longer period for reading.

Harsh treatment by officers—there were complaints from many prisoners in that respect, and we tried to verify them as well as we could. Many of them, I have no doubt, were exaggerated, and some fictitious, but others may have some foundation in fact.

Compulsory church attendance is alleged as a grievance by probably fifty per cent of those who gave evidence or made complaints to the superintendent. One of the inspectors said that compulsory church attendance was really part of the punishment and should be continued. But a number of prisoners take strong exception to church attendance and say they will refuse to go, that they do not enjoy the services, that they do them no good, that they do not believe in what they hear. Compulsory church attendance, particularly in the Protestant chapel, has been a serious question not only in Kingston but in other penitentiaries.

Insufficient medical and dental treatment are complaints that occur in the statements of many prisoners. Some complained of lack of toilet articles, combs and mirrors and the like; some even wanted a canteen or shop where they could buy these articles. We have now allowed them each a comb; as we are allowing the hair to grow, of course a comb will be necessary. Mirrors are not allowed on account of the danger of the glass, and there are many complaints on this score. Others want knives and forks, but these are not allowed on account of the danger in the use of them by dangerous men. All these are very serious complaints on the part of the prisoners. They do not think they are laughing matters.

More frequent letters—we have allowed a letter a month instead of every two months. We have doubled the number of visits from one every two months to one a month by relatives or close friends. Lack of paroles has been complained of by eight or ten of the seven hundred; the objection to steam cooked food is a common complaint, and the monotony of prison diet is another. While these may appear rather trivial to us they are very serious matters with the prisoners concerned. They look upon them very differently, and these constitute the chief com-

plaints which were made by prisoners in regard to Kingston penitentiary. I think these comprise almost all the complaints that were said to have caused the riot, and as will be seen we have righted some of these grievances, but many others we have had to refuse.

The other details as to the treatment of prisoners at Kingston or related by the hon. member for Kingston caused some merriment in the house. For the last twenty-five years there has been a per diem allowance in every penitentiary in Canada for Christmas entertainment, and no one understands this better than my hon. friend from Kingston. If Christmas cards were sent to these prisoners I fancy it must have been done by some outside party; certainly so far as my knowledge goes they were not sent by the department or by any official of the department. There are people who do such things, particularly at Christmas time, some furnish gramophones, some furnish radios and so on. This surely exhibits a true Christmas spirit. During the few days at Christmas there is some relaxation of strict prison discipline; there is and has been for the last twenty-five years a per diem allowance in every penitentiary in this country to provide extra rations at Christmas time. My hon. friend from Kingston cannot blame this ancient custom on the new warden or the new superintendent.

I do not know that there are any other matters I need mention at the present time. I had expected most of these questions to be raised when the estimates came up, when I might have been more fully prepared. Perhaps just here I might say a word with regard to the brokers at Collins Bay. These brokers were sent to Collins Bay under Superintendent Hughes and acting warden Jackson, who was at Collins Bay; it was not done under the present superintendent at all. For some reason or other Collins Bay has been known as a preferred class penitentiary. That name was adopted by Superintendent Hughes with no authority whatever except his own before I became minister; Collins Bay appears in the report of the superintendent and in the debates of the House of Commons under the name "preferred class penitentiary." They had a sign painted and put up at the institution, to which I see some reference has been made in the newspapers, and of course I am blamed both for the selection of the name and the erection of the sign. But this was all done before my time, and when I heard that the name "preferred class' had been adopted both at Collins Bay and at St. Vincent de Paul, I concluded that such was not a very appropriate name; I ordered the name changed and the sign taken down, and this was done a long time ago. The new name is Collins Bay penitentiary, and the so-called preferred class at St. Vincent de Paul is now the Laval penitentiary; neither is now known as a preferred class penitentiary. They were simply construction camps, and Collins Bay is in large measure a construction camp still. We are building it with prison labour, and it will not be completed for some years. There are no cells at Collins Bay such as we have in other penitentiaries; there are wire entanglements instead of the stone walls of other prisons. When a man's conduct in Kingston penitentiary has been approved by the warden he may be selected for transfer to Collins Bay if his services can be utilized there as a stone mason, a carpenter, a trench digger, a clerk or anything else. The warden submits a list of names to the superintendent and the superintendent makes out a list of names and numbers and nothing else and submits this list to the minister. I have seen 115 names on one list and 160 names on another. Then, on the warrant signed by the minister, these prisoners are transferred. The minister knows nothing about the individual prisoners; the warden and the superintendent make the selection. These men are then transferred from Kingston to Collins Bay. Of course they are looked upon as more or less of the peaceful or trusty class rather than the dangerous class of prisoner because it is not so easy to care for them at Collins Bay; there are many more opportunities for escape. When they get to Collins Bay they are put at some useful work.

Inspector Jackson was the acting warden at Collins Bay, and my hon. friend from Kingston has alleged that Jackson allowed these brokers privileges that were not allowed other prisoners. I have heard that charge made before by my hon. friend from Kingston, and I made diligent inquiry of Inspector Jackson. I am inclined to think, however, that I did not succeed in getting all the truth as a result of the inquiries I made, and subsequently the time came when in my judgment Inspector Jackson should be removed, so for the greater efficiency of the service he was asked to retire.

I do not know the particulars as to the cases cited by my hon. friend from Kingston with regard to these brokers, but I have been assured that the hours of labour, the clothing, the food, the privileges and the like are precisely the same in both penitentiaries. I do know this, that in looking over the documents in connection with the transfers from Kingston to Collins Bay, in one list of eighteen who were to be transferred sixteen of the prisoners asked to be left at Kingston, and the reason given was that the work was too hard at

Collins Bay. Other individual cases have come to my notice of prisoners who, finding their names set down for transfer, have asked to be retained at Kingston. Many untrue and nonsensical stories have been published in the newspapers with regard to the easy work and the good times enjoyed by the brokers and other prisoners at Collins Bay. Such tales were absolutely unwarranted. There may have been lapses; I do not say that I am fully satisfied with the result of the inquiries I have made in respect of the treatment of the brokers and their families by the then acting warden of the prison, and I came to the conclusion that it would be better for the penitentiary service if I asked acting warden Jackson to retire, and I did so.

When the estimates come up I will have all the papers before me and can go more fully into any questions that may be asked. I did not think these questions would arise on this bill, but perhaps it is just as well that these matters should be brought up now; it may save time later.

Now I should like to say just a word with regard to juvenile offenders. If I understood my hon. friend from Kingston aright he said there was a fifteen year old boy in knee breeches, a first offender, who had been sentenced to Kingston. That must have been done by one of the judges or magistrates of this country; it was not done by the superintendent of penitentiaries or the minister. If the boy was a first offender he should not have been sent to Kingston at all; our law provides otherwise. If he was sent there as a first offender he should have been removed at once on complaint to the attorney general at Toronto, who has available prisons, homes and reformatories for the purpose of looking after youths under sixteen years of age. I must say, however, that after a lad is sixteen and has been sent to a reformatory or a provincial prison and associates with the ordinary run of prisoners, he very often gets into serious crime before he is eighteen years of age, so he may be sent to Kingston for a fairly long term. We have lads at Portsmouth now who are serving their fourth and fifth terms but who are not yet twenty years of age. It is not safe to put them in ordinary reformatories; they escape at once, and at a very early age they become what are called hardened criminals.

It is a very difficult problem to deal with boys of that kind. The idea behind the construction of the new prisons at Collins Bay and St. Vincent de Paul is that when they are completed we will be able to segregate, so far as possible, the youthful prisoners from the old offenders. However, one great difficulty will be that many of the youthful prisoners are themselves old offenders. In the prosecutions which are to take place at Kingston in connection with the recent riots it is quite true, as my hon. friend from Kingston says, that a large proportion of the offenders are juvenile prisoners; I do not mean youths, but men under thirty years of age. There are to be twenty-nine prisoners prosecuted in connection with that riot. They will come up in June at the court of general session of the peace. That is done because one of the terms of capitulation, as it is called, when the riot was at its height and Warden Smith's life was actually threatened, was the promise, in reply to the question whether they would get a fair trial if they went back to work and stopped the row, that they would receive such a trial; and acting warden Smith's idea of their language was that they meant a trial by the courts of the country and not a trial by the warden's court in the penitentiary. It is for that reason in particular that we are having the men prosecuted in the courts of the land at the general sessions of the peace.

I may observe how similar the conditions were in the riots in Dartmoor in England and in Kingston here. In Dartmoor the same disturbance seems to have arisen, the same actions were taken by the prisoners, with the same results so far as damage is concerned; in each case one man was injured and there was a property damage of about $3,000. In Dartmoor there were thirty-one prosecutions of ringleaders and thirty convictions. I do not know how the cases will proceed here, but there are twenty-nine to be prosecuted in Kingston in June next. In St. Vincent de Paul the situation, from the point of view of damage, was much more serious than in Kingston, the loss being estimated at about $50,000, whereas in Kingston it is about $3,000. In St. Vincent de Paul there were fewer convicts engaged in the disturbance, but some elements of the trouble were more serious than in Kingston; they set fire to the premises, using gasoline, and deliberately cut the hose to prevent anyone putting out the fire, and they waved the red flag, calling upon the convicts to follow the revolution. There are only twelve prosecutions before the criminal courts in Quebec. In Dorchester, where the affair was minor as compared with the other two, there are only four or five prosecutions, and the property damage there was slight. Without any loss of life we have come through these three affairs and while the property damage in Montreal has been serious, in the other two places it was negligible. Considering the over-

crowding in the penitentiaries, and considering other questions in regard to the guards whom we have had, we have been very fortunate in getting out of the difficulty as well as we have.

There may have been mistakes, and some of the staff may be open to serious criticism, but I am satisfied that the criticism levelled by my hon. friend from Kingston at the new superintendent is not justified. I think the new superintendent has done exceptionally well during the eight or nine months he has been in charge. All the reports I get from the penitentiary are daily more and more satisfactory, chiefly on account of the reforms that have been put into force by Superintendent Ormond. He will gain by experience; about that there is no doubt. Any man in such a position would. But he is diligent, careful and painstaking, and will prove a very successful superintendent in the end.

Mr. ROSS: I think the minister has been fair in his reply, but there is one thing I want to point out and that is that when differences of opinion did exist such as existed when the matter was brought to his notice in regard to the brokers, the least he might have done was to go and see for himself. But he never went. Simply swallowing the report of an official is what I complain of. I never meant that he was responsible for the brokers' state; I do not think for one moment he would stand for such a thing. But I did refer to the matter because it had been reported to me and he admits now that he did not make any investigation himself. I am positive of the truth of the statement made to me; I know that the conditions indicated in that sworn statement are absolutely true.

As to the cigarette papers, if I understood the minister rightly he said that cigarette papers were once given. That is not so.

Mr. GUTHRIE: I have been so informed; up to 1923 they were allowed.

Mr. ROSS: Neither cigarettes nor tobacco came in until 1922 or 1923. This followed the investigation of the commission, to whose report no attention whatever was given. At that time there were many complaints, and the great thing that these guards complain of today is what is called trafficking in the penitentiary. We all condemn it. The man who goes out there not knowing what he is going for, has this tacked on his back, that he was trafficking.

I did not ask for a court martial, although I believe it is a fair method. The private in the army is the king's servant just as much as a guard in a penitentiary, and he is given a fair hearing; he is given a chance to deny any charge that is made against him. The minister refers to the proceeding in connection with the paper that has been mentioned. A certain guard in the penitentiary was fireman, and a woman came along with a paper bearing an address on it.

Mr. GUTHRIE: This is the old case my hon. friend is referring to.

Mr. ROSS: Yes, and I think I have the right to refer to it.

Mr. GUTHRIE: Yes, certainly.

Mr. ROSS: It shows how unfair the whole thing is. This piece of paper which this woman carried had an address written on it. The address was that of this guard, who had not been there for six months. He refused to have anything to do with the matter and the woman went away. She came back. This piece of paper was taken, and the only thing we have is the evidence of the man Duncan and some others, stool pigeons, spies and spotters in the penitentiary. There were affidavits from these fellows, but this man never knew what he was put out for. He found later, however, that this piece of paper was taken by the mounted police to a handwriting expert, who said it was his writing. All we did was to ask for that piece of paper. If the writing on it was the fireman's, then we have nothing more to say; but the man denies the whole thing and the circumstances bear him out. They show that he had not for over six months been at this place. We asked for this piece of paper, and if it does not bear out this man's story, a man who has lost his job after fourteen years, we have nothing further to say. I submit that it was only the fair and the British thing to do, to produce the paper, notwithstanding what clause 1 has to say.

This is what these men complain of. They are stamped as men who have been trafficking, and in this instance the man absolutely denies it; he declares that he can prove conclusively that the charge against him is false. But he cannot get a chance to establish his innocence. It seems to me that if they have evidence then the man should be told what it is.

Mr. GUTHRIE: The man has been told; I told him personally.

Mr. ROSS: In a great many cases the man goes to the warden and the warden says he knows nothing about it. A man was dismissed the other day and the warden of the penitentiary offered to give him the highest

kind of recommendation, because the dismissal had been made without his sanction. I think the committee will see that I actually have some reason for the position I am taking in this matter. This paper which was found is used as something against Smith. It was called Barbarism in Civilization, and the figure 26 appeared upon it. It was not as if this paper had been circulating around; they got it and nothing like it has appeared since. There was nothing at all to that, but it is pasted all over this report as being something awful. There is no doubt that it was the work of a communist or someone of that kind; I do not dispute that, but it should not be taken as sufficient cause for the dismissal of an inspector who was doing his duty to the best of his ability.

I am not going to discuss this matter any further. In our part of the country we feel that a great deal of damage has been done and considerable expense will be incurred by the community. The rioting on the second day could have been prevented. A member of the permanent forces wanted to go in and stop it but his offer was refused by the superintendent. I have been in touch with this penitentiary for many years. I came down here and complained about the treatment given to Warden Ponsford, which I thought was very unfair. He was told that if he would apply for two months' leave of absence he would be put back on at the time of the elections. When his leave came through he found it was for three months and no one could be found who would admit having changed it. He was practically thrown out. Ponsford was no friend of mine; I never got and never asked a favour of him. I thought the treatment unfair and I came down here to protest. I will say for the minister that he received us and I think, after all, used perhaps the best judgment in the settlement of that case. However, the treatment Ponsford received was unfair and I came down here to fight for him.

Mr. WOODSWORTH: Mr. Chairman, it seems to me to be quite obvious that this committee cannot form a clear conclusion from the details which have been presented during this debate. I submit that from the statements made by the minister and the charges levelled by the hon. member for Kingston (Mr. Ross), we would be warranted in urging upon the government the absolute necessity of the appointment of an independent commission to investigate the whole question of our treatment of criminals. I agree very largely with the hon. member for Kingston in his criticism of the report upon the riots at Kingston penitentiary. It seems to me that the attitude of the superintendent is simply that of adopting repressive measures. He stated that there was only occasional foot and arm drill, that twice a year each guard fired eight shots and that during the annual drill a certain number of guards were put through some sort of perfunctory fire drill. He states further that shortly after the end of the late war a fair sprinkling of guards were brought into the service who had had military training of some type or other. The attention of the committee has been drawn to the rather peculiar statement of the superintendent with regard to the inability of the ordinary soldier to become an efficient guard. I do not want to go into that matter, but I would say that a soldier's training, whether he be a private or an officer, is not necessarily such as to fit him to be a guard or other official in a penal institution. Had I the time I would have liked to submit some memoranda which have come to me—copies have been sent to the minister—dealing with the whole question of the treatment of criminals. One was from the Canadian Prisoners' Welfare Association, another from the Social Service Council of Ontario, and so on.

I think it is high time that we in Canada followed a line of procedure similar to that followed in Great Britain and many countries of Europe. In those countries a very careful investigation has been made not only of the details of the administration of the penitentiaries but of the general question of penology. Following these investigations in Great Britain and elsewhere, men have been appointed to take charge of these institutions who had a good knowledge of sociology, psychology and penology. These men have a wide knowledge of the type of treatment that had proved to be the best in other institutions, and they have brought into effect certain new types of treatment which have proved very effective.

I do not think that any hon. member who has a boy of his own could listen to the instance quoted by the hon. member for Kingston of a fifteen year old lad who had become a hardened criminal without feeling that that statement alone was sufficient to warrant our asking for a royal commission to inquire into the whole situation. The minister himself has had to admit that after all these years we have not as yet succeeded in segregating the youthful offenders. It is high time we had a thorough and far-reaching investigation of these matters. The minister has admitted also that there is considerable overcrowding. There has not been a very great increase in our population in recent

years and this overcrowding would seem to suggest that our mode of treating criminals has not been very effective—we have not been able to reform very many and we are creating more. We are taking little trouble to discover the causes of crime and to eliminate those causes. In this scientific age we ought not to continue simply to use the old repressive measures. A commission should be appointed to be composed of men of high ideals possessing a wide experience of such matters. The riots at Kingston, although serious enough are a comparatively small matter when considered in the light of the big problem involved. This commission should investigate the whole matter and report to this house as to what steps should be taken in the future to solve this great problem.

Some hon. members may remember the commission set up years ago to investigate Kingston penitentiary. I do not think the recommendations made by that commission were followed in any regard. I had the greatest difficulty some months ago in securing a copy of their report. They made some recommendations but everything was forgotten. Some years ago the hon. member for Southeast Grey (Miss Macphail) in two successive sessions made the plea that prisoners, especially married prisoners, should be paid for work performed. That resolution was adopted by the house, but practically nothing has been done in the matter.

These men are unable to defend themselves and every precaution should be taken to ensure that their interests are safeguarded. It is not a question of this or that little thing, such as cigarette papers or the providing of some toilet necessity; the trouble goes a great deal deeper than that. Moreover I do not believe those causes which are assigned by the men could, under the conditions under which the investigation was made, reveal the real reasons for the riot. These real reasons could be ascertained only by men of scientific training and with some knowledge of the general character of criminals of this type. I would plead with the minister and the government that now the report has been presented on the immediate question of riots in the penitentiaries, the government would give consideration to the appointment of a commission that before the next session of the house would bring in a report which would place the treatment of criminals on an altogether different basis.

Mr. LAPOINTE: I intend to discuss certain features of the report of General Ormond when the estimates of the penitentiaries come up for discussion. I may say immediately, however, that I agree with the hon. member for Kingston City as to the character of the report, which is certainly a very remarkable one. The superintendent's conclusions are:

1. Insufficient supervision covering a period of not less than ten years.
2. Insufficient and inefficient inspection covering not less than a period of ten years.

I have not been able to find out how General Ormond has come to these two conclusions. They are based on nothing that can be ascertained anywhere in the report or in the documents which have been submitted to us. They seem to be only the yielding to the temptation of blaming somebody else—those who preceded him. I have not the pleasure of being acquainted with General Ormond, but he seems to have been rather unfortunate. After he was appointed last August he paid three visits, one to each of the three penitentiaries, Dorchester, St. Vincent de Paul and Portsmouth. He has been unfortunate because riots took place in those three penitentiaries to which he had paid visits and where he had interviewed convicts. My information was to the effect that he lacked experience of penal institutions, and if my information is correct, he interviewed the convicts in the absence of the wardens or other officers, something which is never done. Apparently he promised the convicts many of the things for which they had been asking, such as cigarette papers and so on, and when the promises were not implemented, the riots took place.

Let me tell the Minister of Justice that, like the hon. member for Kingston City, I have no reason to take up the cudgels for either General Hughes or Warden Ponsford. They were not the appointees of the administration of which I was a member. I found both of them there when we took office. It is true, as the Minister of Justice has said, there was no love wasted between the two, as I saw, but together they made a pretty good team so far as the administration of the penitentiary was concerned, and as the hon. member for Kingston City has said, there was in Kingston under Ponsford and General Hughes no outbreak which could be called a riot. It was when this wonder from Calgary took charge of the penitentiary that the riots broke out. I shall have something else to say about the matter when the estimates are taken up.

May I say also that three or four years ago a commission was appointed by some states of the United States to study prison regula-

tions and conditions in Canada. They visited and spent some time at Portsmouth penitentiary and elsewhere, and their report was that it was the best managed institution they had visited in either the United States or elsewhere, so it was not as bad as is depicted. I have sympathy for the Minister of Justice in the administration of that branch of his department. I agree with him that the minister cannot himself ascertain which man should be placed in a position as guard or otherwise, and has to trust to a large extent to the reports of the superintendent and the wardens, the men who are on the spot and who are responsible for peace and order in the penitentiaries. The minister must have as officers men whom he trusts, and apparently he has great confidence in his present superintendent. I hope his confidence is not ill placed and that the new superintendent will prove his ability further than by that famous report of his.

Mr. GRAY: I cannot let clause one, dealing with the governor in council appointing the superintendent, pass without replying briefly to the hon. member for Lethbridge (Mr. Stewart) who a few moments ago stated that because he or the government had not received protests from the Canadian Legion, it ill became those of us who sat in the House of Commons to raise the question that was raised this afternoon by the hon. member for Quebec South (Mr. Power) with respect to the wording of the report made by General Ormond. The hon. member for Quebec South this afternoon quoted a protest from the Canadian Legion at Kingston. I desire to place on record a protest presented to the government by the Ottawa branch of the legion, one of the strongest of the branches, composed of many returned soldiers, and one which has perhaps done more to relieve distress in its own city than has any other branch. When the hon. member for East Calgary (Mr. Stanley) attempts to defend this report and the Minister of Justice (Mr. Guthrie) tries to defend the appointment of this particular gentleman as superintendent of penitentiaries—

Mr. GUTHRIE: I defend his conduct, not his appointment. I did not appoint him.

Mr. GRAY: In any event it is interesting to note that one of the minister's appointees, the superintendent of the Royal Canadian Mounted Police, not only recommended this gentleman as superintendent but was one of those who sat in judgment on the appointment to the office. I mention this in passing because I think it is worthy of note. Moreover, when the hon. member for East Calgary states that this gentleman is a Liberal, it is interesting to note that he was recommended first by the Right Hon. Arthur Meighen, second by the Hon. Mr. MacPherson, Attorney General for Saskatchewan, and third by the Hon. F. G. Taylor, formerly leader of the Conservative party in Manitoba and recently appointed by the present Minister of Justice to the Court of King's Bench of that province. I leave it to the house as to the Liberal leanings of the gentleman appointed.

With respect to the protest by the Ottawa branch of the legion, which I desire to place on record, may I say that they first of all passed a resolution protesting against taking out from the operation of the Civil Service Act this branch of the service. Their second resolution was as follows:

> That the Ottawa branch of the Canadian Legion desires to record its strong resentment and disapproval of the tenor of the remarks contained in the report recently submitted by the superintendent of penitentiaries, touching upon the qualities of the private soldier who served during the great war, considering such remarks as uncalled for reflection upon the rank and file who served in the Canadian expeditionary forces.

I leave that expression of the views of the Ottawa branch of the legion with the hon. member for Lethbridge.

Mr. KENNEDY (Winnipeg): This bill has to do with taking the appointment of the administrative staff of the penitentiaries from under the operation of the Civil Service Act and placing it with the governor in council. I do not propose now to debate the question of the advisability or otherwise of so doing. Most of the discussion late this afternoon and this evening has rather centred around an attack upon or severe criticism of the present superintendent of penitentiaries.

Let me say in passing that the purpose of the bill is to remove from under the operation of the Civil Service Act these appointments. It is contended by the sponsor of the bill, the hon. Minister of Justice (Mr. Guthrie), that the duties of these servants peculiarly unfit them for appointment by the Civil Service Commission. If the criticisms which have been levelled against the superintendent of penitentiaries are to be carried through to their logical conclusion, it would be an argument against at least that appointment being made under the Civil Service Commission, but I do not think we can generalize from individual cases.

The hon. member for West Lambton (Mr. Gray) has made reference to the contention

that General Ormond's was not a political appointment inasmuch as he was a Liberal appointed by a Conservative administration. He endeavoured to cast doubt upon that by indicating who had recommended him. I know of my own knowledge, coming from the same province as General Ormond—he comes from the town of Portage la Prairie, and I know his family very well—that he and his family have been Liberals for generations. I do not say that in disparagement at all. It is a fact, however, that General Ormond and his family are Liberals. His appointment was made certainly not for any political consideration, but simply because under the system of appointments under the Civil Service Commission he answered the advertisement, and having had a very distinguished war record undoubtedly that recommended him to the commission, and he received the appointment.

Leaving that, I wish to deal with one other matter around which the discussion has largely centred, and that is the remarks of General Ormond as contained in his report as superintendent of penitentiaries. So that the matter may be clearly on the record I wish to read the words to which reference has been made. They appear on page 8 of his report under the heading, Training of Guards. He says:

> At the present time there are many guards who had little or no service that would recommend them to be penitentiary or prison guards, mostly having terminated from three to five years' service with the rank of private, which would indicate that they had reached their limit in military advancement, and could not be expected to show a higher standard in civil life.

I do not propose to defend such language on the part of the superintendent of penitentiaries. My experience tells me that such language is ill-considered, unfair and indefensible. I am glad to associate myself with hon. members on both sides of the house who have taken this opportunity to register a protest against such language being incorporated into a report that becomes part of the records of this house. I think that that point was particularly stressed by the hon. member for Quebec South, and I entirely endorse his sentiments. Knowing General Ormond's record as a soldier, and it was a magnificent record, knowing his splendid record of service and that he must have come into close contact with thousands upon thousands of privates in the army, it is to me incomprehensible that such a statement should represent his considered opinion. However, it is in his report, and we must deal with it as such.

This statement of General Ormond will not stand even a cursory examination. Note what he says. He is speaking of guards who are in the penitentiary, and says that the records show that they have had from three to five years in the army as privates, and he draws this conclusion:

> —mostly having terminated from three to five years' service with the rank of private, which would indicate that they had reached their limit in military advancement.

The Canadian corps was an army of over five hundred thousand men. They could not all be generals, they could not all be colonels or majors or captains or lieutenants. In the very nature of things only a small percentage of them could be officers.

Mr. MITCHELL: Somebody had to do the fighting.

Mr. KENNEDY (Winnipeg): As my hon. friend says, somebody had to do the fighting, and so in the nature of things hundreds of thousands of them served during the war for years, and came back as privates. Is it to be concluded from that that they were lacking in mentality, or lacking in those abilities that would fit them to be guards in the penitentiaries? The denial of such a position is to be seen in this house. There are hon. members of this house—I do not need to name them—who served in the ranks as privates, and remained privates. One is a minister of the crown. You find them taking their place in civil life, in the professions, in the business life of this country, in every walk of life to-day. So that suggestion was entirely uncalled for.

Who were the men who served in the ranks of the army? Who were the five hundred thousand odd? Some of them are members who sit in this house to-day. Many of them were the sons of men who are sitting in this house to-night. They were the sons of all classes of people in this country. That was the magnificent thing about not only the Canadian corps but the British army. The sons of some of the most privileged people were among the first to go. That was so in the motherland and it was so in this country. Who were these boys in the army? The western plains sent a battalion known as the university battalion. They were boys of eighteen and twenty, who stopped their university courses and signed up—the flower of this country filled with idealism of youth, to all of whom life was still "A perfumed wonder."

It is not for me to disparage officers, but as far as intellect is concerned, or those

qualities which make for good citizenship, you can take a cross section of the army and in every class you will find most of them pretty good stuff, some medium, and an odd one poor. But in the main those who know best will say they were simply magnificent. That is true of the private in the ranks, the platoon lieutenant, the captain, the major, and the commanding officer. Mutual confidence and initiative was the keynote of the success of the Canadian corps in France. It was the same with the padres who were sent to us in France; most of them were splendid fellows, some not quite so good; I will say the privates stood up just as well as they did. So I join with other hon. members who have protested in this house against these remarks in the report, or that they should go into the archives of parliament.

In conclusion I want to say that the most charitable view I can take of the language of General Ormond is that it was used thoughtlessly, and possibly under provocation in relation to one or two particular individuals who had not measured up to the standard. That is the only reason I can think of; I have no purpose here to defend him. I submit there is no necessity for reading into the record, as my hon. friend from West Lambton did, the protests of some soldiers' organizations; not only the rank and file of the Canadian corps some 500,000 strong, but every fairminded citizen of Canada protests against such language. Privates got advancement from the ranks, officers got advancement—

The CHAIRMAN: Order. I think it is high time the committee came back to article 1 of this bill.

Mr. KENNEDY (Winnipeg): Well I will just conclude, Mr. Chairman. I want to say that the successes of which the people of Canada read with pride were attributable to all ranks and particularly to the brains of the privates and the energy and initiative they showed in tight places. Time and time again, in the absence of officers and N.C.O.'s, privates took charge and saved many a difficult situation. During the last hundred days when town after town fell to the Canadian corps it was a common thing in France and Flanders to see at noonday in a liberated city or town or village the mayor and public officials gathered on the steps of the hotel de ville holding a thanksgiving celebration, thanking the general of the brigade for deliverance. But let me sum it up in this way: that before such an occasion that town had to be delivered, never at noonday in one of those delivered villages did a general in gold lace or red cap or tabs accept the plaudits of the multitude but earlier on that day or some other day it was the rank and file of the army who fought through the wire and gas and made that celebration possible.

Mr. JEAN: The other day in discussing the resolution I asked the Minister of Justice if the act would provide for a bilingual superintendent and officers as far as the province of Quebec was concerned. The answer of the minister was: I should say yes. I have read over the bill which is now before us and do not see any such provision in it.

Mr. GUTHRIE: I did not intend to say that the act would so provide. I said that would be carried out in the administration of the act. I do not think it is customary to put such a provision in an act of parliament.

Mr. JEAN: I think it would be desirable to put it in.

Mr. GUTHRIE: Since the committee rose at six o'clock I have considered the suggestions made by my hon. friend from Quebec East and I have to some extent recast the bill to accord therewith. The bill as prepared would give to the governor in council the right to appoint the superintendent, the inspectors and the staffs of the penitentiaries, and all other officers of the penitentiary branch would remain as now under the Civil Service Commission. It does not require much amendment; I can explain the amendments all at once and then move them separately. It will require the words "and three inspectors" in line 9 after the word "penitentiaries." Then in section 2, line 17, we strike out the word "inspectors," strike out lines 20, 21 and 22 altogether and insert in lieu thereof: "who are engaged in and about the various penitentiaries and are upon the respective penitentiary staffs thereof." To make it clear that this applies only to the limited number that would be inspectors, superintendents, guards and wardens, we are putting in a clause as clause 3 of section 3: "All other officers, clerks and employees of the penitentiary branch of the Department of Justice shall be appointed and paid under the provisions of the Civil Service Act." As we are on clause 1, I would move:

That section 1 be amended by adding in line 9 after the word "penitentiaries" the words "and three inspectors of penitentiaries," and that the words "an officer" be changed to "officers."

Sir EUGENE FISET: Perhaps I may call the attention of the minister to the fact that he is cancelling clause 20 of the present bill with regard to these inspectors and leaving it open to the governor in council.

Mr. GUTHRIE: We are repealing clause 20 which provides for the appointment of three inspectors, and allowing the inspectors to be appointed under clause 14.

Sir EUGENE FISET: But in your amendment you are limiting the number of inspectors to three.

Mr. GUTHRIE: So it is in section 20.

Sir EUGENE FISET: But if you look at section 2 of the present bill repealing clause 20 you find that instead of providing for only three inspectors you have an unlimited number.

Mr. GUTHRIE: No, it says "three inspectors." Three inspectors is the maximum.

Mr. NEILL: Then you must change the word "him" in the last line also.

Mr. GUTHRIE: Yes, the word "him" in the last line will have to be changed to "them".

Amendment agreed to.

Section as amended agreed to.

On section 2—Governor in council to appoint inspectors, wardens, officers and clerks.

Mr. GUTHRIE: This section is to be amended by striking out the word "inspectors" in lines 17 and 23.

Amendment agreed to.

Mr. GUTHRIE: The next amendment—

Mr. RALSTON: I should like to say a word in connection with this section. I oppose it for the same reason that I opposed the amendment last year, which permitted something like 3,000 postmasters to be taken out from under the Civil Service Act. My reason is that this does away with the preference to ex-service men.

I will detain the committee for just a moment to remind hon. gentlemen of all that this parliament and this dominion have done in the way of endeavouring to provide employment for ex-service men. The Civil Service Act was passed away back in 1918, and in that act a preference was provided for ex-service men in connection with government positions. Order in council P.C. 1053 was passed exempting certain skilled and unskilled labourers, but even in those cases the preference was retained. I think it is to the credit of this country that from 1920 to 1924 between 69 per cent and 79 per cent of all the appointments to the public service were filled by ex-service men. We did not only give them the right to apply; we went further and paid out the money of this country for the purpose of training ex-service men in order that they might fill civil service positions. By order in council P.C. 2944, of August 31, 1931, we provided for special training for ex-service men in order to fit them for these positions. We were only doing what all the belligerent countries, especially those who were on the side of the allies, had done; that is, providing for the employment of ex-service men in the public service.

We even went further and aided schemes put forward by civilian agencies in this country. I remember particularly the Toronto rehabilitation scheme put forward by the citizens of Toronto, by which they assisted ex-service men to get positions in civil life. This country contributed a substantial amount by way of assistance to that scheme, particularly in order that employers, who took on disabled ex-service men, might be able to give them a specified living wage. From the treasury of this country we contributed sufficient for that purpose. Then we provided for vocational training; hon. members who were in this house before I came here will remember the consideration given that question by committees of this house in 1921, 1922 and 1923. Then we sent delegates to the international labour bureau in order to find out what was being done in other countries, in an endeavour to adopt some uniform system of giving employment to ex-service men. Our representatives there reported that the unanimous conclusion had been reached that ex-service men were entitled to the benefit of the assistance of the country in order to secure employment.

Then the 1921 parliamentary committee approved the vetcraft shops and recommended their establishment in conjunction with the Red Cross. The Red Cross established various agencies all across this country, and they were assisted by the Dominion government. As a matter of fact we paid 85 per cent of the capital expenditures and 75 per cent of the deficits in connection with those Red Cross agencies. Then we had provincial employment agencies; we put a handicap section there and we paid out money in that direction also in order to provide employment for ex-service men. The employment service and the handicap sections were united, I think in 1923, that the dominion might better cooperate with the provinces in order to give the ex-service men what was regarded as their due. In addition it was found that in some other countries the

voluntary schemes were not working out, and in some countries acts were actually passed not only providing that ex-service men should be given a preference in connection with civil service positions but requiring employers to hire these men up to a certain percentage of their establishments. That happened in France, and to a certain extent that scheme also was adopted in Germany, Italy, Austria, Poland and the kingdom of the Serbs and Croats. In each of these countries provision was made whereby a certain percentage of ex-service men would be entitled to a first preference in civilian employment, not only in government positions.

I give this recital only to remind the committee of what has been done in that regard in other countries as well as in Canada. Now I find that at one fell swoop this bill proposes to do away with the preference given ex-service men employed in positions in the penitentiaries, and as I understand my hon. friend the Minister of Justice he says the reason is that the men who are disabled or handicapped are entitled to the preference, as well as the men who have had service overseas and are physically fit. I point out to the minister and to the committee that this is no answer to the contention we are making. What we say is that these men must qualify for the position for which they are applying. No one even suggests putting in a man who is not qualified for the job. We suggest that when men pass an examination and are found to be qualified the ex-service men should be given the first preference. What exception can be taken to that? That is the provision in the Civil Service Act; it has been there all along, and why that principle cannot be perpetuated is beyond me. The reason appears to be that General Ormond has made a report, which I submit is not to his credit as a soldier. I know of his service overseas; I know he was a gallant soldier, but I cannot understand the mental processes of a man who would make a report such as that made in connection with the penitentiaries, in which it is said that because a man had from three to five years of service in the ranks as a private only he is not fitted to be a guard in a penitentiary. I think there must be something wrong with his mentality, and I submit in the strongest possible terms that this is a reflection on men who have served this country faithfully and well. General Ormond knows as well as anyone knows that overseas privates were not simply led by their officers. Privates held important and dangerous posts; privates led raids; privates showed initiative and judgment. I have known privates to take command of platoons and do magnificent work, and it is because of that fact, we feel, that our Canadian forces made such a record overseas. It was not simply because of the officers; it was because of the men in the ranks, who had the initiative, the courage, the spirit, the understanding and the leadership. I say that this report is a reflection on the men who went in the ranks, many of whom did not care to take the stars of an officer; it is a reflection which these men do not deserve—far from it—and I submit that it brings no credit whatever to the gentleman who made it.

It is my opinion, Mr. Chairman, that nothing could better qualify a man for the position of guard than the fact that he did serve overseas for from three to five years. He was doing guard duty all that time. Who held the outposts? Who did the guard duty day after day and night after night, but the privates who were given most important and dangerous missions and posts? I submit that this very fact does qualify them, and I come back to this point: If these men are qualified it ill behooves this government to take away from them the preference laid down for them in the statute since 1918. No one is asking that they shall be given positions unless they are qualified, but I submit in the strongest possible terms that this section is a direct confiscation of rights which have long since been given these men, rights to which they are entitled, which have been recognized by other countries, which have been recognized in civilian industries, and which this parliament should hesitate before taking away from the returned men.

Mr. GUTHRIE: I thought I made it clear this afternoon that if returned soldiers were qualified, not suffering from physical incapacity, I would welcome a clause in the bill to give them preference. My hon. friend need not have engaged in his rather heated remarks on the subject. General Ormond's report had nothing to do with the suggestion, and if my hon. friend from West Lambton will draft a clause I shall be glad to consider it. I must say it is difficult, having regard to the fact that the men must have physical qualifications; and if they are pensioners suffering from some physical disability one can hardly ask them to be guards. The other question is with regard to the age limit; thirty-five is the limit. A man who was twenty-six or twenty-seven at the end of the war would now be pretty well advanced in years. In the case of returned soldiers we extend it to forty, so that now any returned soldier up to forty can become a guard. I do not know that for the position of guard I would increase the age

limit above forty because a man must be hale, hearty and husky to fill the position. If my hon. friend from West Lambton can agree with me on a clause I shall be only too glad to include it in the bill and see that the preference is maintained.

Mr. GRAY: I appreciate the remarks of the minister. Unfortunately I was not present this afternoon when he spoke and I may have been the cause of misleading my hon. friend from Shelburne-Yarmouth in that regard. I do not think I misled him to any great extent, however. I am glad to hear what the minister has just said, and if this is not the proper place for the clause he proposes, perhaps we can let the section stand.

Mr. GUTHRIE: I desire to get in certain amendments, but we will reserve a place for the new section.

Mr. GRAY: That will be all right.

Mr. GUTHRIE: These amendments are technical. I have submitted them to my hon. friend for Quebec East and he has approved of them. The first amendment is:

That section 2 be amended by striking out lines 20, 21 and 22 and by inserting in lieu thereof:

"who are engaged in and about the various penitentiaries and are upon the respective staffs thereof."

Amendment agreed to.

Mr. CHEVRIER: I wish to congratulate the minister on having limited the effect of the bill so far as this section is concerned. What is the meaning of "and other administrative or executive officers" in view of the fact that the clerical staff and others have been confined to the operation of the Civil Service Act?

Mr. GUTHRIE: We have all sorts of instructors, keepers and so on, and that is the class to whom it refers.

Mr. CHEVRIER: Those within the penitentiary?

Mr. GUTHRIE: Yes, on its staff. The next amendment is to subsection 2, to strike out the words "clerks and employees" in line 24.

Amendment agreed to.

Mr. GUTHRIE: There is another amendment to subsection 2, to add the words "administrative or executive" after the word "other" in line 23.

Mr. RALSTON: Does this section stand?

Mr. GUTHRIE: As amended.

[Mr. Guthrie.]

Mr. RALSTON: My hon. friend suggested some amendment to preserve the ex-service man's preference.

Mr. GUTHRIE: After section 4, or anywhere in the bill, so that it will be a general section to apply to the whole bill.

Amendment agreed to.

Section as amended agreed to.

On section 3—Appointment of guards, trade instructors, and subordinate officers.

Mr. POWER: Is there any amendment here?

Mr. GUTHRIE: I have an amendment to propose, that subsection 3 be added to section 3 in the following words:

"All other officers, clerks and employees of the penitentiary branch of the Department of Justice shall be appointed and paid under the provisions of the Civil Service Act."

Mr. POWER: Section 3 reads:

The said act is further amended by inserting after section twenty thereof the following section:—

20A (1) The superintendent may, upon the recommendation of the warden, appoint such guards, trade instructors and other subordinate officers and employees as are necessary for the service of any of the penitentiaries.

Perhaps the meaning of the amendment to clause 2 was not made quite clear, but as I understand it, that clause covers all these officers.

Mr. LAPOINTE: Oh, no.

Mr. POWER: Clause 2 reads:

The governor in council may appoint such inspectors, wardens, deputy wardens and other administrative or executive officers as are required for the proper administration and management of the penitentiaries.

And all other officers in and around the building, or words to that effect. If that is the case, that clause would cover guards, trade instructors and subordinate officers.

Mr. GUTHRIE: It would depend upon the meaning you put upon the words "executive and administrative officers."

Mr. POWER: The minister added something to the clause referring to all other officers.

Mr. GUTHRIE: The words added were:

—who are engaged in and about the various penitentiaries and are upon the respective staffs thereof.

Mr. POWER: Would not that include guards, trade instructors and other subordinate officers?

Mr. GUTHRIE: Yes.

Mr. POWER: Under section 2 the governor in council appoints those officers and under section 3 the superintendent appoints them.

Mr. GUTHRIE: The intention is that the governor in council shall appoint the wardens and deputy wardens, and other administrative or executive officers which would include accountants and people of that kind. Then we come down to the minor officials, the guards, the instructors, the keepers and so on.

Mr. POWER: As I understood the amendment it would cover guards, trade instructors and other subordinate officers.

Mr. GUTHRIE: We have left out guards, keepers and instructors until this clause.

Mr. POWER: Would the minister read section 2 as amended?

Mr. GUTHRIE: It would read:

The governor in council may appoint such inspectors, wardens, deputy wardens and other administrative or executive officers as are required for the proper administration and management of the penitentiaries, and who are engaged in and about the various penitentiaries and are upon the respective staffs thereof.

Mr. POWER: I had misunderstood the amendment. In connection with the appointments to be made under section 3, the minister gave an assurance to the hon. member for Nelson (Mr. Stitt) during the course of the debate that in making appointments under this section preference would be given to returned soldiers. General Ormond has stated distinctly that he does not consider returned soldiers as being fit for these jobs and yet this section gives him the power to make these appointments. How can the minister assure the committee that the superintendent will do anything else but what he would be expected to do in the face of that statement?

Mr. GUTHRIE: We will draw up a clause to cover that.

Mr. POWER: Under the bill, the superintendent would have the discretion.

Mr. GUTHRIE: Upon the recommendation of the warden.

Mr. POWER: The minister knows that if the superintendent is any good at all there is no clause which can prevent him from exercising some discretion. This gentleman has entered upon this position apparently sincerely convinced that returned soldiers who have been privates would not be fitted to be penitentiary guards. I do not think the minister would be fair to the superintendent by endeavouring to circumscribe his activities by telling him that he must appoint so and so.

Mr. GUTHRIE: I would not be telling him, the law would be telling him.

Mr. POWER: I suggest that this section should be changed and the power of appointment taken away from the superintendent. He is bound to follow the recommendations he made in his report.

Mr. GUTHRIE: No, he is not; that is nonsense. I think any reasonable man would understand that report to refer to the individuals with whom he was dealing in Kingston. I have agreed to put in a clause which will make it obligatory that first preference be given to returned soldiers.

Mr. POWER: I would suggest that instead of leaving this to the superintendent, the minister should take the right to make appointments by order in council.

Mr. GUTHRIE: I thought that that would be objected to.

Mr. POWER: I would rather place the responsibility upon the government than upon a superintendent who has expressed himself in such a manner. The minister knows my views upon the Civil Service Act, so what is the use of camouflaging behind wardens and superintendents—let the government take the responsibility and appoint these men.

Mr. GUTHRIE: I would refer to the Royal Canadian Mounted Police which I have the honour of administering for the time being. All appointments to this force are made without consultation with me. All appointments are made by General MacBrien and his staff and the political element does not enter into the appointments. If it is seriously thought that these appointments should be made by the governor in council, I am willing to amend the bill in that way. However, I think a clause to safeguard the rights of the soldier would be sufficient.

Mr. POWER: There is a great difference between enlistments for the mounted police force and appointments to a civil service job. After the discussion we have heard with reference to General Ormond I think the majority of the members of this committee would rather trust the government to make such appointments and see that the returned soldier got a preference. If this principle was not carried out we would have the opportunity of pointing out to the government wherein it was remiss, whereas otherwise there may be a hiding behind the superintendent.

Mr. CHEVRIER: There is a vast difference between making appointments to the Royal Canadian Mounted Police and to the staffs of the penitentiaries. In all my twelve years of experience in government work I never heard General MacBrien or his predecessor make such a derogatory statement in connection with returned men as that made by General Ormond. It would be extremely difficult to frame a clause to give preference to the returned men and expect a superintendent who has made the statements he has to enforce that clause. This gentleman has made certain statements regarding the returned men and if we tell him that he must enforce a clause in a certain way, we are putting the whole act in jeopardy. Some other means ought to be devised of enforcing this act—let somebody else other than the general administer the act.

Mr. BURY: Much of the criticism that has been offered and many of the suggestions that have been made refer not to a bill intended to be enacted into law but to an appointment that happens to have been made to the position of superintendent of penitentiaries. Surely the principle is a more vital matter than the particular appointment which some hon. members are criticizing. That was the very argument that was earlier used in regard to this bill, the force of which the Minister of Justice recognized by making changes in the wording of certain sections of the bill. I suggest that the committee is really trying to draft the bill on a wrong principle.

Amendment agreed to.

Section as amended agreed to.

On section 4—Departmental staff.

Mr. MACKENZIE KING: Should clause 4 not be struck out?

Mr. GUTHRIE: No, it repeals section 23 of the Penitentiary Act which now has no effect because we have added the words "all other officers".

Section agreed to.

Section 5 agreed to.

On section 6—No increase of gratuity if compensation payable.

Mr. GUTHRIE: That is just to prevent double compensation.

Section agreed to.

Section 7 agreed to.

[Mr. Power.]

On section 8—No gratuity payable under Civil Service Act.

Mr. CHEVRIER: This afternoon on the bill to amend the Royal Canadian Mounted Police Act there was a provision that time served by men in the South African war would count. That is only proper. I note in clause 7 this provision:

> But the amount of the gratuity which may be paid under this act to any such officer on retirement from the service shall be computed in respect only of the period of his service down to the date on which he became a contributor under either of the acts aforementioned

I do not quite grasp this, but I would not want to be taken as consenting to the limitation of any particular length of service. If a man has had prior service, that, as in the case of the other act, ought to be taken into account.

Mr. GUTHRIE: This provision is only to prevent a claim for double gratuity or retirement allowance.

Mr. CHEVRIER: But his time should count just as it did in the other case.

Mr. GUTHRIE: Clause 8 takes away any claim under the Civil Service Act and gives them a claim under this act.

Section agreed to.

Mr. GUTHRIE: If the hon. member for West Lambton will come to my office in the morning, if convenient to him, I should like to draft that clause so that we may put it in the bill to-morrow. I shall try to have one drafted and see if we cannot agree.

Progress reported.

On motion of Mr. Bennett the house adjourned at 10.45 p.m.

Tuesday, April 4, 1933

The house met at three o'clock.

AGRICULTURE COMMITTEE

Third report of the select standing committee on agriculture and colonization—Mr. Senn.

SALMON FISHERY

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I should like to direct a question to the Acting Minister of Fisheries (Mr. Duranleau). We have just been advised that the legislature of British Columbia unanimously adopted a

resolution emphatically opposing P.C. 206, passed on February 3, relative to the landing of salmon on wharves within twenty-four hours after being caught. In view of that decision by the province I should like to ask the minister if he will not consider cancelling or withdrawing that order in council.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): My hon. friend was kind enough to give me notice this forenoon of the question he intended to put. My answer is that we will get official confirmation of the decision of the legislature of British Columbia, and then the matter will be very seriously considered.

TARIFF BOARD

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I should like to ask the Minister of Finance (Mr. Rhodes) whether the recently appointed tariff board is functioning and, if not, when it will start to function as a board.

Hon. E. N. RHODES (Minister of Finance): The board is making arrangements to begin its operations immediately. There is no delay at the moment, because cases are being considered in a preliminary way preparatory to the public hearings.

Mr. SANDERSON: Would the minister say where their offices are?

Mr. RHODES: In the national research building.

TRAWLER LICENCES

On the orders of the day:

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): With respect to the licensing of steam trawlers, Mr. Speaker, it may be of interest to recall the conditions under which steam trawling was begun in this country. Some years ago those who were engaged in the marketing of fish found that steadiness of supply was essential in order to increase the demand, and at that time there was no assurance of such steadiness of supply, particularly in the winter season. Hence in 1910 steam trawling was initiated with one vessel. With the development of the demand for fresh fish the number was increased to two in 1912 and in the following year to five.

During the war the demand grew rapidly, and probably the number of trawlers would have been increased more rapidly than it was had they been available. The largest number operated in the war period was eight in 1918. In 1926 the number had increased to eleven, and since then it has declined.

Following consideration of the majority and minority reports of the Atlantic Fisheries Commission of 1927-28, legislation for the better control of trawlers was adopted in 1929. The main provisions of this legislation were:

(a) All trawlers must be licensed.

(b) All trawlers should be registered in Canada and owned by Canadian companies or persons.

(c) That trawler fishing should not be allowed within twelve miles of the shore.

(d) That the minister may determine the number of trawlers to be licensed.

(e) That regulations might be made by order in council prescribing the evidence to be submitted with applications for licences fixing the conditions under which licences should be issued and making any other provisions respecting licences.

By order in council of October 30, 1929, regulations were adopted under the authority of the new legislation. These regulations provided for the licensing of trawlers and for a fee of one cent per pound on all cod, haddock and halibut that were landed by foreign built trawlers and two-thirds of a cent a pound on all such fish that were landed by Canadian built trawlers, excepting on fish landed during the months of January, February and March each year, when no fee would be charged.

One of the trawler operating companies failed to pay the licence fee, and action was taken in the exchequer court to compel payment. This resulted in a decision of that court of the 9th of March, 1931, that the regulations were ultra vires. After further consideration of the matter new regulations were adopted by order in council of August 14, 1931. These provided for a licence fee of $500 for each trawler and that the applicant must furnish the minister with evidence that would satisfy him that the applicant could not obtain an adequate supply of suitable fish to enable him properly to conduct and develop his business from the hook and line fishermen, and that the granting of the licence would not adversely affect the extent to which fish would be purchased from the hook and line fishermen.

Following the submission of applications, which were accompanied by the necessary evidence supported by declarations, licences for six trawlers were granted for the fiscal year 1932-33. Five of these were for trawlers operated by the Maritime-National company and one by the Leonard fisheries.

Fishermen's organizations and boards of trade have strongly urged that no trawlers be

licensed for the present fiscal year. On the other hand, the Halifax board of trade and the mayor of Halifax have urged very strongly the renewal of all the existing licences. Applications for renewal of the five licences held by the Maritime-National company have been made, and the Leonard Fisheries has intimated that it intends to apply for a renewal of its licence.

At this point it may be interesting to note that the decline in the trawler catch in recent years has kept pace with the decline in the hook and line catch. In Nova Scotia alone the hook and line catch of the kinds of fish landed by trawlers was 150,200,977 pounds. The trawler catch that year was 31,365,423 pounds. Last year the Nova Scotia catch of these fish by the hook and line fishermen was 108,645,871 pounds, while the catch by the steam trawlers was 22,956,729 pounds, or a decrease of practically 27 per cent in each case.

It is also contended that the trawler operators are amongst the largest purchasers of fish from the hook and line fishermen, and the former maintain that it is only possible for them to continue to make such large purchases from the hook and line fishermen because of having the trawlers so that they can keep continuously in the market. It is also contended that the main landings by the trawlers are during the six winter months when hook and line fishing is reduced to a minimum, and during a portion of which no licence fee was charged on the trawler landings under the previous regulations.

It also may be of value to note that all other countries are allowing trawlers to operate. Out of European ports about 5,000 of these vessels are operating yearly. Out of United States ports there are usually over 300. These latter vessels as well as a large number from France and sometimes from other European countries, fish on the Banks adjacent to our coasts, so that even if our trawlers were withdrawn it would decrease the amount of trawling on these Banks by a very small proportion only.

After consideration of all the facts it is thought that if the Maritime-National had three trawlers instead of five operating they could reasonably assure the steadiness of supply as well as the proportion of haddock needed. Hence it has been decided that for the present year that company will be allowed three trawlers and the Leonard Fisheries one, as before. There are no other applicants. This will involve a reduction in number of 33⅓ per cent. This reduction will be put into effect from the first of May, thus giving one month to the company to enable it to fill certain contracts into which it has entered.

[Mr. Duranleau.]

VISIT OF JAPANESE WARSHIP

On the orders of the day:

Mr. J. S. WOODSWORTH (Winnipeg North Centre): According to press dispatches a Japanese warship is to visit Vancouver harbour to-morrow. In view of the trouble in the orient and the withdrawal of Japan from the League of Nations, may I ask what the attitude of the government will be?

Right Hon. R. B. BENNETT (Prime Minister): I was not aware that the question was to be asked, and I have nothing to say because I have received no correspondence with respect to the matter. If the ship comes into the harbour she is entitled to anchor, and I assume she will.

Mr. WOODSWORTH: Is the government extending entertainment to this visiting warship?

Mr. BENNETT: I doubt not that the citizens of Vancouver will extend to them the hospitality for which that city is proverbial.

PENITENTIARY ACT AMENDMENT

PROPOSED APPOINTMENT OF OFFICIALS BY GOVERNOR IN COUNCIL

The house resumed from Monday, April 3, consideration in committee of Bill No. 59, to amend the Penitentiary Act—Mr. Guthrie—Mr. Gagnon in the chair.

Hon. HUGH GUTHRIE (Minister of Justice): Since the committee had this bill under consideration yesterday I have talked it over with the Deputy Minister of Justice in regard to one of the amendments which he made and in regard to which he thinks the language might be very much improved. I refer to subsection 3 of section 3. The following words were added as subsection 3:

> All other officers, clerks and employees of the penitentiary branch of the Department of Justice shall be appointed and paid under the provisions of the Civil Service Act.

It has been pointed out that the words "shall be appointed and paid" are not proper. There are more provisions in the Civil Service Act than appointment and pay. The amendment I have to propose is the insertion of a new clause in these words:

> All other officers, clerks and employees of the penitentiary branch of the Department of Justice shall continue to be subject to the provisions of the Civil Service Act.

The CHAIRMAN (Mr. Gagnon): Shall the amendment passed last night be rescinded,

and the new section now proposed be adopted?

Amendment agreed to.

Section as amended agreed to.

Mr. GUTHRIE: On the suggestion of my hon. friend from West Lambton (Mr. Gray), a clause has been drafted to meet the question raised with reference to returned soldiers. The hon. member for West Lambton and myself and others went over the matter this morning and drafted a clause which I propose to insert, with the concurrence of the committee, as 20B:

In making appointments under the powers conferred by this act, the governor in council and the superintendent respectively shall extend to returned soldier applicants the preferences set out in section 29 of the Civil Service Act.

Section agreed to.

Mr. GUTHRIE: There is one other matter which has been called to my attention since last evening. There is an anomaly in the Penitentiary Act as it now stands by reason of an amendment to the criminal code passed in 1929. Under that amendment the crown was permitted to appeal in criminal cases; in other words, where a man was tried for a crime and the charge against him was dismissed, the crown was permitted to enter an appeal. In many cases the prisoner was forced to remain in gaol pending the hearing of the appeal because he was unable to furnish bail. Sometimes a man would spend three, four or five months waiting the result of the appeal. Under the provisions of the Penitentiary Act as it now stands on the statute books, the time spent in gaol pending trial shall not be credited on the length of the sentence and it is now proposed to amend that section by providing the following:

Any period during which a convict is detained in the gaol or other place of confinement pursuant to the authority of this section shall not be computed as time served in the execution of his sentence unless he be so detained pending an appeal by the attorney general or counsel for the crown.

If the crown appeals and the charge against the man is subsequently abandoned or dismissed, the time spent in gaol pending appeal shall be considered as part of the sentence.

Mr. MACKENZIE KING: Is he a convict if he has been acquitted?

Mr. GUTHRIE: We are not changing the law with reference to an appeal by a man who has been convicted; we are dealing with the man who has been acquitted. After the crown appeals and the man is finally convicted; the time spent pending appeal shall be taken as part of his sentence.

Mr. YOUNG: If he is acquitted?

Mr GUTHRIE: The same.

Mr. YOUNG: What will be his sentence if he is acquitted?

Mr. GUTHRIE: If he is acquitted, he goes free like my hon. friend. I move that this provision be added to the bill as clause 9. It would remove the anomaly which now exists by reason of the amendment to the criminal code made in 1929.

Mr. HANSON (York-Sunbury): In the case of a man appealing after being convicted, would the time he had spent in gaol count in his sentence?

Mr. GUTHRIE: No.

Mr. HANSON (York-Sunbury): I do not see why the converse of the proposition now proposed by the minister should not apply. I think in both cases the time spent in gaol should count on the sentence.

Mr. GUTHRIE: It never has applied.

Mr. HANSON (York-Sunbury): Because a thing has never been the law is no valid reason why it should not be the law.

Mr. McINTOSH: You are right this time.

Mr. HANSON (York-Sunbury): I am always right.

Mr. MACKENZIE KING: If a man is acquitted how can he be described as a convict?

Mr. GUTHRIE: The section describes as a convict the man who has been convicted. The section reads, "any period during which a convict is detained in the gaol or other place of confinement pursuant to the authority of this section." Where a man has been convicted the time so spent shall not be computed as time served in the execution of his sentence. That has been the law for generations. Under the Ticket of Leave Act we often recommend that the time spent in gaol before trial shall be counted in reckoning the time after which ticket of leave shall be granted, but the matter of an application for ticket of leave is not involved in this. Ordinarily the warden computes the sentence as from the date it is pronounced in court notwithstanding the fact that the man may have spent a certain period in gaol before the trial. Where a man has been acquitted and the crown or the attorney general for the crown enters an appeal and the man is subsequently convicted, the time spent in gaol shall be counted as part of his sentence.

Mr. MACKENZIE KING: Is it fair to describe a man who has been acquitted of a crime as a convict?

Mr. GUTHRIE: Where a man appeals and is subsequently convicted, he is still a convict.

Mr. MACKENZIE (Vancouver): He is not a convict until the appeal is decided.

Mr. GUTHRIE: He is a convict as soon as the appeal is decided and the time spent in gaol pending appeal by the crown is taken as part of his sentence.

Mr. MACKENZIE (Vancouver): Should he be termed a convict during the period prior to the deciding of the appeal?

Mr. GUTHRIE: The section does not describe him as a convict until he has been finally convicted and is serving his term of imprisonment. That is the time referred to in this section, and it becomes a question of deciding when he will be released from penitentiary.

Mr. ELLIOTT: Would the minister read the section again?

Mr. GUTHRIE: It reads:

> Any period during which a convict is detained in the gaol or other place of confinement pursuant to the authority of this section shall not be computed as time served in the execution of his sentence unless he be so detained pending an appeal by the attorney general or counsel for the crown.

That time shall count as part of his sentence.

Mr. ELLIOTT: But he does not become a convict until the court of appeal overrules his acquittal.

Mr. GUTHRIE: This section does not have any effect until the man is actually convicted and imprisoned. If this section is passed the warden of the penitentiary would be allowed to count the time the man spent in gaol pending appeal as part of his sentence. The ordinary man will get bail and will not spend that time in gaol, but if he has had to spend it in gaol it shall be counted as part of his sentence.

Mr. EULER: I should like to ask a question of the minister as a layman. It is suggested that the time a man spends in gaol pending appeal shall be counted upon his sentence, but should not the time spent in gaol prior to his original trial be counted also?

Mr. GUTHRIE: It never has counted.

Mr. EULER: That is not a very good reason why it should not be counted.

Mr. BENNETT: The judge takes that into consideration when awarding punishment.

Mr. EULER: It should be taken into consideration on the appeal.

[Mr. Mackenzie King.]

Mr. GUTHRIE: As a rule, the court of appeal does not fix the punishment.

Amendment agreed to.

Bill as amended reported, read the third time and passed.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Friday, March 31, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston.

Mr. A. M. EDWARDS (South Waterloo): Mr. Speaker, in rising to contribute a few remarks to the budget debate, may I first of all add my congratulations to those that have gone before to the Minister of Finance (Mr. Rhodes) in the most trying time any government ever had to finds ways and means to finance the budget. Some of the items in the budget we may not like; personally I have never yet seen one which imposed taxation that was popular. There are one or two items in it with which I might disagree, but I shall reserve discussion of them until the house gets into committee.

The hon. member for Shelburne-Yarmouth (Mr. Ralston), in his official criticism of the budget, wound up his speech by moving an amendment and I wish to quote and to refer to the following portion of it:

> They imply a continuance of fiscal and other policies which have not only signally failed to afford any solution of our national problems, but have been proven to have the effect of diminishing trade, of decreasing revenues, of increasing unemployment—

And so forth. From that clause of the amendment the implication is that the tariffs which have been imposed during the sessions of 1930 and 1931 have had the effect of decreasing trade in Canada. After that speech was delivered, I thought the only fair way to judge the matter would be to find out just what had happened in other trading countries throughout the world. With this idea in mind I had prepared statistics covering some of the leading trading countries of the world: the United Kingdom, the United States, Germany, France, Italy and Canada. I shall give first the imports into these countries and afterwards the domestic exports from them showing the comparison for the years 1930 and 1932:

Imports into—	1930 Million $	1932 Million $	Decrease Million $	Percentage of Decrease %
United Kingdom	5,080.7	2,797.9	2,282.8	44.9
United States	3,060.9	1,502.4	1,558.5	50.9
Germany	2,473.6	1,110.6	1,363.0	55.1
France	2,057.1	1,168.6	888.5	43.2
Italy	907.8	478.3	429.5	47.3
Canada	1,008.4	452.6	555.8	55.1

This leaves Canada in the fifth position. I now give the figures in regard to the domestic exports from those countries:

Domestic exports from—	1930 Million $	1932 Million $	Decrease Million $	Percentage of Decrease
United Kingdom	2,777.6	1,453.0	1,324.6	47.7
United States	3,843.2	1,790.9	2,052.3	53.4
Germany	2,696.1	1,365.9	1,330.2	49.3
France	1,683.2	771.6	911.6	54.2
Italy	634.8	394.2	240.6	37.9
Canada	885.9	493.8	392.1	44.3

This again puts Canada in the fifth place in the trading nations of the world. I quote these figures merely to show that notwithstanding the fact that other countries had not materially changed their tariff rates, their percentages of decrease of exports and imports were relatively high compared with those of Canada.

I want to compare some of the exports from Canada to the United Kingdom for the last three months of 1931, with the corresponding quarter of 1932:

Commodity	Year	Bushels
Wheat	1931	39,942,933
	1932	64,305,847

A huge increase in quantity. Somebody will ask about the price. I have secured also the cash values of these exports.

		Last Quarter of: 1931	1932
Wheat	Bush.	39,942,933	64,305,847
	$	24,232,047	32,782,184
Canned fruit	Lbs.	2,566,593	5,542,013
	$	137,184	295,302
Oats	Bush.	1,376,341	2,612,471
	$	455,991	760,726
Wheat flour	Brls.	603,993	744,919
	$	2,080,733	2,326,960
Condensed milk	Cwt.	22,456	60,461
	$	154,768	402,240
Vehicle and parts (total)	$	9,506	513,362
Passenger motor cars	No.	9	789
	$	7,487	351,876
Copper in ingots, bars, etc	Cwt.	61,289	430,871
	$	466,710	2,406,237

With regard to the other side of the picture, namely Canadian imports from empire countries, the accompanying tables reveal that the fourth-month period concluded January, 1933, shows a sharp drop in the rate of decrease in such imports, and that, while the value of imports from empire countries for the latest four-month period decreased by 6 per cent compared with the corresponding period ended January, 1932, nevertheless the value of imports from foreign countries decreased by 29½ per cent. Once again, if quantity figures could be obtained, it is likely that Canada actually increased her imports from empire countries during the four months ended January, 1933, as compared with the corresponding period ended January, 1932. Some articles imported from the United Kingdom in larger quantities during the last quarter of 1932 as compared with the last quarter of 1931, are:

		Last Quarter of: 1931	1932
Cotton fabrics	Lbs.	1,235,394	1,306,365
Woollen yarn	Lbs.	780,209	840,609
Anthracite coal	Tons	231,686	406,057
Chemicals and allied products (total)	$	1,092,608	1,481,660
Sodium compounds	Lbs.	1,955,262	6,907,177
	$	114,649	238,936

The short period of time during which the tariff changes resulting from the conference agreements have been in operation precludes, of course, a final and definite estimate of their effect on Canada's trade with the empire. Nevertheless, the above analysis of the latest available statistics of Canada's foreign trade would seem to be indicative of a far-reaching development in our trade relations with other parts of the empire. This must be gratifying indeed to Canadians, as this country has ever been a leader in all proposals to promote intra-empire trade.

I dislike quoting so many figures but I have gone into them rather exhaustively to refute the argument that because Canada has stabilized her tariff structure—by that I do not simply mean that she has raised her tariff—her trade has languished while trade throughout the world has gone ahead.

Now I wish to say a word or two as to the agricultural stabilization fund. The stabilization of the pound sterling at $4.60 for certain specific, agricultural products, viz., animals, meats, including bacon and hams, poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey, will materially assist the exporter of these products to United Kingdom markets and enable these producers to partake of the benefits of the arrangements made with the United Kingdom at the Imperial conference last summer.

This should prove of great value to the farmers of the constituency which I have the honour to represent in this house, and in fact to the central provinces of Ontario and Quebec. In this connection, I may state that the province of Ontario has, during the past two years, established cold storage plants at Trenton, Picton, Collingwood, Thornbury, Strathroy, Thedford and Simcoe, and the Grimsby cold storage plant has been renovated.

The results from these cold storage plants have been quite startling. The farm products that went through them have had a manager and he has had the farmers on their toes regarding quality, pointing out to them how much more good-quality articles receive than poor-grade ones. This has led to great improvement in the quality of the products going through cold storages, and the continuity of supply is much more certain.

It will be recalled that in the report which the high commissioner Hon. G. Howard Ferguson made from Great Britain it was pointed out that at certain seasons of the year you could get Canadian fruit in Great Britain in abundance, and people were becoming accustomed to Canadian fruit, but that there was a considerable period throughout the year when it was not obtainable, and the high commissioner's idea was that the continuitv of supply of Canadian fruit should be assured. It was with that idea in mind that Ontario established these cold storage warehouses, and with the assistance of this agricultural stabilization fund I feel quite certain that the farmers of the two central provinces and possibly of other provinces in Canada will greatly benefit. Necessarily anything that can be done for the farmer is certainly the right point at which to start. If the farmer is not in a position to purchase goods from the manufacturer, manufacturing plants go out of business, throwing numbers of employees out of work, and so it seems to me that any success which we hope to have in bringing back better conditions in this country is pretty much predicated upon the prices the farmer receives and upon his success.

After the United Kingdom went off the gold standard on September 21, 1931, sterling exchange broke to such levels, that nearly all Canadian customs duties were nullified, I mean those imposed on goods coming into Canada from the United Kingdom.

The great majority of British preferential tariff rates do not exceed 15 per cent on an average; consequently, practically all protection of Canadian producers was automatically wiped out and it became necessary to impose what is known as a special dumping duty partly to take care of this situation.

Contrast the Canadian importer's position before and after the suspension of gold payments. Before September 21, 1931, the importer paid a bill of $100 by purchasing sterling at $4.86; after England went off the gold standard sterling broke to as low a point as $3.59. In other words, what cost the importer $4.86 before now cost $3.59. This, of course, as hon. members will readily see, completely wiped out the benefits of the protection which the Canadian producer had before that time.

To illustrate and, perhaps I may say, justify the imposition of the special dumping duty I have secured three invoices of goods actually imported, one for worsted cloth, one for woollen cloth, and one for yarn. The figures that I will give will, I think, fully bear out the statement that the special duty is justified, and the importer not penalized. Here are the three invoices:

Value as invoiced	Description	Number of yards	Weight	Cost laid down to importer exclusive of freight under the existing law. Special duty of 30c. per £. Goods paid for at $4	Cost laid down to importer exclusive of freight if importer were to pay for goods at par rate of exchange
			lbs.	$ cts.	$ cts.
£69 11 8	Worsteds	248	230	435 65	475 58
£31 12 5	Woollens	200	250	223 22	241 34
£ 5 13 9	Yarns		21	31 23	34 93

That shows conclusively that the importer to-day is paying less for his goods, even with the dumping duty attached, than he was before. In order to make that perfectly clear and to bring it out especially for the hon. member for Weyburn (Mr. Young), I have had the figures analyzed, and I now present them in the following tabulation:

Tariff Item 554B F. M. V. £69. 11. 8. at $4.86		Worsteds C. S. P. £69. 11. 8. at $4	
Values	$339 00		$278 20
Ad valorem duty, 27½ per cent less 10 per cent	83 91		83 91
Specific duty, 18¾ cents pound less 10 per cent	38 82		38 82
Excise tax	13 85		13 85
Special duty			20 87
	$475 58		$435 65

Tariff Item 554B F. M. V. £31. 12. 5. at $4.86		Tweed C. S. P. £31. 12. 5. at $4	
Value	$154 00		$126 40
Ad valorem duty, 27½ per cent less 10 per cent	38 12		38 12
Specific duty, 18¾ cents pound less 10 per cent	42 19		42 19
Excise tax	7 03		7 03
Special duty			9 48
	$241 34		$223 22

Tariff Item 551 F. M. V. £5. 13. 9. at $4.86		Yarn C. S. P. £5. 13. 9. at $4	
Value	$28 00		$22 60
Ad valorem duty, 15 per cent less 10 per cent	3 78		3 78
Specific duty, 11¼ cents per pound less 10 per cent	2 13		2 13
Excise tax	1 02		1 02
Special duty			1 70
	$34 93		$31 23

These are actual invoices, which can be produced, of imported goods.

I wish now to say a few words concerning the unemploment situation as it applies to the textile industry. The other industries I have to do with are certainly in a very serious condition. Anything which has to do with furniture, or any of the iron working industries, is in bad shape. Personally I do not think very much can be hoped for until there is a larger building program where furniture is required, and machinery to make that furniture. The one bright spot in my particular part of the country is the textile industry, and perhaps hon. members will pardon me if for a few moments I speak concerning it. For several years in this house I have argued that certain lines of the textile industry—and in

that I include woollens and worsteds—should have more protection, and I believe conditions since 1930 have amply borne out my contention. As I said before the bright spot in employment in Canada is in the woollen hosiery and silk industries.

The February employment situation 1933 report, Dominion Bureau of Statistics, shows that in this month in the last six years the low spot of employment in the woollen yarn and cloth industry was February, 1931, with an index figure of 97.4, while in February, 1933, the index figure is 108.7. In hosiery and knit goods the low spot was in 1928, with an index figure of 99.6. In February, 1933, the index figure was 102.4. This figure would have been substantially greater but for the fact that nothing was done for knitters, other than hosiery, and consequently employment which would have been given to Canadian workers was given to the people in other countries. In the production of silk and silk goods, the employment figure in February, 1929, was 230.5, in February, 1933, the figure is 375.0.

Mr. John Lalor, president of the Canadian Allied Textile Trades Association, which is a group of those supplying the textile industry with raw materials and supplies, said recently:

> Members of our association and their employees are continually visiting the widely spread centres in Canada in which the woollen and knitting industries are situated. They are eye witnesses and have an intimate knowledge of what has happened in the last three years. Of the two things we are certain. One is that without the tariff action of 1930 the woollen and knitting industry would have been practically wiped out. And the second is that without the increased and steady employment which this industry has provided numberless small centres which are carrying on would have been faced with disaster.

I am sure hon. members who have textile mills in their towns—and nearly all of the mills are located in the smaller towns—will be willing to substantiate what Mr. Lalor has said. In fact, had it not been for the employment given to girls and women by textile mills, I hesitate to think what would have happened in some of the larger industrial centres.

Comparing production figures for 1931 and 1930, in Canada the production in quantity of worsted yarns increased by 25 per cent, worsted cloth by 38.7 per cent and socks and stockings by 25 per cent. The increase in employment was practically in direct ratio. It is understood that in 1932 the increase in production and employment was held. There are 302 factories in Canada producing these lines of goods. If hon. members care to consult the record of last year they will find that in April I placed on Hansard a list of the cities, towns and villages throughout Canada in which mills are located. There are 302 factories located in 132 centres, so that production is widespread and the industry is not concentrated. It can be easily seen that prices cannot be controlled under those conditions. There is real internal competition. Forty-two per cent of the total number of mills are located in centres of under 5,000 population; eleven per cent are in centres over 5,000 and not over 10,000; nineteen per cent are in centres over 10,000 and not over 25,000 and twenty-eight per cent in centres over 25,000.

Now I turn to prices and qualities. Something has been said—and this is the particularly fine morsel with which we have to deal—to the effect that the prices of textiles have not gone down correspondingly with other prices. In the next few moments I shall attempt to disprove that contention. Under the existing tariff, prices in Canada for woollen and knit goods have been substantially reduced, in all cases to the extent of the drop in raw materials, and in many cases far beyond any such drop. The woollen knitting industry is so widely spread in small independently owned units, which provides the keenest internal competition, that no advantage can be taken of tariff rates to charge the consumers more than they should be charged. In the English press we have noted complaints that the Canadian industry have reduced their prices to too low a level. At the same time that prices have been reduced the variety of lines produced have been increased and the qualities have been substantially improved. It is no secret that the industry works closely with their customers with a view to continually improving their products, increasing and widening their range of patterns and styles, and searching out and filling the requirements of the trade.

In comparing prices may I say that retail prices cannot be taken for the simple reason that the manufacturers of the products in question have no control over those retail prices. In order to get a proper close-up of just what has happened, and what prices are to-day as compared with prices prior to the 1930 tariff revision, I have prepared some data concerning three different articles. First I take men's cashmere half hose, which were sold by a mill in 1930 at $3.35 per dozen and are being sold by it to-day at $2.50 per dozen. This is a large selling and popular line. Then we turn to sixteen ounce botany blue serge from super 64's tops, cold water shrunk, Canadian condition, which sold for $2.02½ per yard in 1930 and which is being sold to-day by the

mill at $1.60. It takes three and one-quarter yards of cloth to make a man's suit of clothes. At those prices it can readily be ascertained that the actual value of the goods used in a $50 or $60 suit is only $5.20.

So surely it cannot be said that the maker or seller of the cloth is receiving a very high price. In 1929 a mill was selling an all wool white blanket of standard construction at $1.05 per pound; to-day the mill is selling the same quality blanket at 60 cents per pound. Good tweed clothes for boys' suits and men's working suits are being produced at 50, 60 and 75 cents per yard, full width, and such suits take an average of three yards. These cloths were not produced in Canada prior to 1930, so there are no comparative figures. The cloth in the complete suit costs $1.50, $1.80 or $2.25, and the volume of this cloth now produced in Canada is very large. That is the value of the cloth that goes into a suit costing $18 or $20.

In the calendar year 1931, the first full year after the new duties came into effect, Canada purchased from Great Britain more wool tops and woollen and worsted cloth than was purchased from Great Britain by any other country in the world, inside or outside the empire. Canada purchased from Great Britain more worsted yarn than was purchased by any other country in the world except Germany; Canada was Great Britain's best customer. During the calendar year 1932, the second full year after the duties came into effect, Canada purchased more wool tops from Great Britain than were purchased by any country in the world with the exception of Germany. The drop in wool top purchases was due to the fact that Canada began to comb her own wool into tops instead of exporting it. Canada purchased more yarn from Great Britain than was purchased by any other country with the exception of Germany and China, including Hong Kong, and Canada purchased more woollen and worsted cloth from Great Britain than was purchased by any other country in the world, inside or outside the empire. Again Canada was Great Britain's best customer. I should like to place on Hansard figures in this connection with regard to the seven leading countries who purchased from Great Britain:

Canada	£1,626,815
China and Hong Kong	1,579,737
Germany	1,540,000
Denmark	1,002,367
Japan	886,570
Argentine	869,732
Netherlands	749,184

The purchases made by British Empire countries were as follows:

Canada	£1,626,815
Irish Free State	864,051
British South Africa	718,033
New Zealand	621,974
Australia	539,100
British India	343,434

Following this in natural sequence someone will ask how about the wool grown in this country; what are we doing to assist the wool grower? I should like to show prices paid for domestic wool. In 1929, the price received by a blanket manufacturer for a standard type blanket was $1.05 per pound, while his batched wool cost from 48 to 50 cents per pound. For the same blanket made from the same type of wool the manufacturer now is getting 50 cents per pound, while his batched wool costs from 20 to 22 cents per pound. In other words, while his raw material has dropped 28 cents per pound the price of the blanket has dropped 55 cents per pound. Batched wool is clean wool from which the natural grease and acquired dirt has been scoured, and the price per pound includes freight and handling charges and the cost of scouring.

Mr. YOUNG: Is that Canadian wool?

Mr. EDWARDS (Waterloo): I will come to Canadian wool in a moment. One of the most encouraging features to-day in the woollen branch of the textile business is the increased use of Canadian wool. I have taken the trouble to make inquiries regarding this feature. Prior to the revision of the tariff on worsted yarns in 1930, the combing and spinning plants of the country were practically closed, the reason being that worsted yarns were duty free. As a result yarn could be imported from England for less than the cost of production in Canada. This was due to the different wage schedules and other charges imposed on Canadian mills such as workmen's compensation, minimum wage laws and so on, which did not obtain in England. From the time the ten per cent duty was taken off in 1927, therefore, the combing and spinning plants of this country were practically closed, and no Canadian wool could be used. It was shipped out of the country. It is worthy of note that the arguments used by the Canadian mills when they protested against the removal of the ten per cent duty was used in turn by the English mills to protect themselves against yarns imported into England from mid-European countries.

I should like to illustrate this position. Dominion Woollens and Worsteds, Limited, have a large plant in my constituency at Hespeler, Ontario, with subsidiary spinning plants at Milton and Orillia. Prior to 1930, the Orillia

and Milton plants were closed, and the Hespeler mill had about 600 employees working part time. Since that time the Orillia plant has been re-opened and is running to-day with 60 to 80 employees on full time. The Milton plant ran for a short time but the equipment from this mill was moved to Hespeler for reasons of economy but the equipment is still in operation. The payroll of the Hespeler and Orillia mills has averaged from 800 to 830 employees this winter, with from 60 to 80 of these employees at Orillia.

One of the most encouraging features to-day is the increased use of Canadian wool in the products of these mills. Three years ago practically no Canadian wool of any kind was used in the Hespeler mill. To-day, however, the combing department is operated as a commission combing department for the wool trade, and is consuming Canadian wool at the rate of 3,000,000 pounds a year in the greasy or unscoured state. The tops produced are being distributed by wool dealers throughout the entire worsted spinning industry. This development appears to be in its infancy and, I believe, the use of Canadian wool will expand very quickly to a much larger figure.

Mr. YOUNG: What percentage of the 3,000,000 pounds is tops?

Mr. EDWARDS (Waterloo): About 20,000,000 pounds is produced in Canada.

Mr. YOUNG: That was not my question. What percentage of the 3,000,000 pounds comes out as tops?

Mr. EDWARDS (Waterloo): I could not say exactly. The combing department employs from 50 to 60 people, and it is estimated that the dealers handling the wool employ another 50 people. Three years ago the percentage of Canadian wool used in the manufacture of worsteds in Canada was practically nil; to-day all the medium and coarse quality cloth produced contains about 50 per cent of Canadian wool and this proportion is increasing steadily. It is estimated that within the next six or eight months at least two-thirds of the material in medium and coarse cloths will be Canadian wool. This wool is not being used in this plant in the manufacture of the finer qualities of cloth, but other manufacturers who are buying tops combed there appear to be using large quantities of botany wool grown in Alberta and Saskatchewan.

The question of dealing with wool prices is an extremely difficult one. The trouble is that the farmer sells on a grease basis at so much per pound, the wool including the natural grease and acquired dirt, while the manufacturer buys on a clean content basis even though he may pay so much per pound in the grease. For example, a manufacturer has offered to him two wools which, when clean, can be used for the same purpose. I just want to deal with these two samples of wool in order to explain the variations in prices. For the first sample the manufacturer pays 8 cents per pound in the grease; there is a freight charge of 2 cents per pound and a scouring charge of 2 cents per pound, with a 50 per cent shrink. For the second sample the manufacturer pays 12 cents per pound in the grease; there is a freight charge of 2 cents per pound and a scouring charge of 2 cents per pound, with a shrink of 25 per cent. The clean cost to the manufacturer for one pound of wool would be: for the first sample, 16 cents for the wool, 4 cents for freight and 4 cents for scouring, or a total of 24 cents. For the second sample the cost would be 15 cents for the wool, 2½ cents for freight and 2½ cents for scouring, or a total of 20 cents. In addition there is a large number of different types of wool to deal with.

I hope I have made the situation clear with regard to the woollen and worsted part of the textile industry. I do not profess to know anything at all about the cotton end of the business, but the figures I have given in connection with woollens, including worsteds and worsted yarns, are absolutely correct.

I should like to conclude, Mr. Speaker, with a word of appreciation for the splendid manner in which this government has handled the situation. We are in extremely difficult times, to get out of which it will be necessary for hon. members on all sides to cooperate. There is no panic in this country. The people are satisfied with the present government; and headed by the right hon. gentleman who leads it, will emerge from this situation. If the Prime Minister is given proper assistance he will pull us out of our present difficulty, and I am sure that we shall recover long before other countries that lack our natural resources are able to return to normal. The indomitable spirit of the Canadian people will triumph.

Hon. CHARLES STEWART (West Edmonton): The discussion of the budget is always the most important debate that takes place in the House of Commons in any session. I am afraid I shall not have time to deal with the arguments put forward by those who have preceded me in the present discussion, but so far as the presentation of the budget itself is concerned, I desire, in

common with others, to congratulate the minister. He made a splendid presentation of a very difficult subject. I do not think that in the history of Canada any Minister of Finance has had to face as difficult a problem as the present minister in presenting his budget to this house. For three successive years this country, with the rest of the world, has been suffering from a very severe depression. Let us try to be as fair as we possibly can. With other countries we have been suffering in consequence of that depression. Now the minister takes a great deal of credit from the fact that Canada, according to his statement, is not quite so badly off as other countries; he suggests that we have not suffered quite so much. I can hardly agree with that statement; I believe that the position which we occupy to-day, if matters were properly managed by the government, would not be as bad as it is, and many of the difficulties through which we are passing at the present time could be avoided.

I will not take time to recount the various promises which the present Prime Minister gave to the country when he was appealing for its support. Those promises have been frequently referred to in this house, and with one single exception the right hon. gentleman has failed to implement them. He has not carried out the promises which he made with so much vigour and force during the election. Indeed, many hon. gentlemen opposite owe their seats in this house to those promises made by their leader. I am not going to discuss the promises he gave the people, but there is one promise which I am bound to say he has kept, a promise that has had the most serious consequences for the people of Canada, and that is the promise to increase the tariffs of the country to the point where he would give protection to every industry in Canada and shut out imports. He has kept that promise one hundred per cent. I am glad that hon. gentlemen opposite applaud that statement; I am glad that farmers particularly applaud it, because if there is any comfort to a farmer in the fact that our tariffs have been increased to the extent they have been, I should like to see him rise in his place and say so.

I have listened with a good deal of interest to the remarks of the hon. member for South Waterloo (Mr. Edwards). He comes from a manufacturing centre and finds that on the average the tariff of seventy per cent on textiles has been of immense benefit to the industry in his locality. He frankly admits however that the furniture industry has severely suffered in consequence. Let us give credit to the government for having kept this one promise. Let us give them all the credit that is coming to them for the fact that the world is passing through a period of depression. At the same time let us look into the facts for a few moments to see whether or not hon. gentlemen opposite have helped to improve the situation in Canada.

What was the great difficulty in 1930, according to Conservative speakers at that time? My hon. friends were not complaining about the financial situation in Canada. I venture to say that ninety-five per cent of them had no complaint to make about any suffering among the manufacturers. The manufacturers were fairly prosperous in this country. I suppose my hon. friend who has just taken his seat will take issue with me on that point so far as the textile industry is concerned. With the single exception of that particular industry, and the woollen part of that industry, there was certainly no serious complaint from the manufacturers, for they had enjoyed a period of prosperity never before known in any previous period in the history of Canada. They all admitted that. Unemployment was the evil that had to be cured. We had 117,000 unemployed in Canada—and I am quoting the words of the Prime Minister, which no doubt were repeated by other hon. gentlemen on the opposite side. There were 117,000 unemployed, and we rushed through increases in the tariff in the short session of 1930—to do what? In order to protect industry in Canada but primarily, as we were told, to cure unemployment. In connection with unemployment we were assured that another thing which was to be deplored would be remedied; there was to be no system of doles in Canada, but everyone was to be furnished with work.

Now, what is the record? I have no time to go into details, but hon. gentlemen opposite frankly admit that there are to-day in Canada nearly 900,000 people out of work. The question is: Have tariffs helped to relieve unemployment or on the contrary have they contributed to the present situation? Undoubtedly they have, and that is the answer to the application of high tariffs as a means of aiding unemployment. What else has it done? We had fairly prosperous farmers in this country in 1930. There was not very much complaint in 1930 in regard to the returns from farming operations. Well, what is the condition of the farmers to-day, not only in the west but in Ontario, which as is so frequently stated in this house is the banner province of the dominion? What are the conditions in this province to-day

among the farmers? At least fifty per cent of them are facing bankruptcy. Not only were the increased tariffs going to help them, but we were told that we were going to blast our way into the markets of the world for the benefit of our farmers.

Mr. SPENCE: What could you do under the circumstances?

Mr. STEWART (Edmonton): Before I conclude I shall be glad to tell my hon. friend. Now, what has happened to our manufacturers? What has happened to the mining industry? I know that hon. gentlemen do not like to hear these things; it does not sound so pleasing to the ear to be told that the woollen industry has had to carry on with seventy per cent protection. What about the mining industry, and what about the gentlemen who thought they were going to make fortunes by investing in mining stocks? What about the lumbering industry? What about the fishing industry? Where does the individual find himself to-day who is engaged in basic industry? He finds himself in such an unfortunate position that one of the salient features of this budget, one that is made so much of, is stabilization or bonusing as a means of keeping people on the land. That is the position our farmers are in; that is the position of those who are engaged in basic industries.

We are going to cure the situation by conferences. Notwithstanding the desperate plight of this country we are going to have another conference. You agriculturists and you who are engaged in the basic industries of this country are willing to await the consummation of another conference before you obtain relief. If fifty per cent of us are in the unfortunate position which I have just mentioned, I am afraid that before this conference takes place and we receive any results from it, we will all be in the unfortunate position of being bankrupts. That is the position in which we will find ourselves under the beneficent administration of this government. That is what this government has done for agriculture; that is what it has done for lumbering and that is what it has done for mining and fishing.

But hon. members opposite would have us believe that there is one bright spot—the wool industry has been helped. Out in my province you cannot even sell wool, you have to give it away. The hon. member for Lethbridge (Mr. Stewart) shakes his head, but three cents per pound is the magnificent price to be obtained for first class wool. If you happen to have a hide to sell you have to beg the purchaser to take it off your hands. That is the situation in western Canada. The hon. member for South Waterloo (Mr. Edwards). takes credit to his government for having helped the woollen industry of this country.

Mr. MOTHERWELL: They have wool in their brains.

Mr. STEWART (Edmonton): We have 900,000 people out of unemployment and on the government's own admission we are feeding 1,300,000, yet we require a seventy per cent protection to keep an industry running that employs less than 40,000 people even in good times. Sometimes I wonder if it would not be better to scrap the textile industry altogether. That may seem to be a rash statement but I sometimes wonder whether the tax we pay to this industry and the revenue diverted from the Minister of Finance is worth the results obtained. According to the figures given the other day by the Minister of Finance, in 1930 the collections from customs and excise amounted to $244,000,000; the collections to-day are only $110,000,000.

Mr. MOTHERWELL: And still going down.

Mr. STEWART (Edmonton): That is the estimate for this year and it may not amount to that much. It is costing the treasury of Canada more than $140,000,000 to continue exorbitant tariff protection of this kind. The Minister of Trade and Commerce (Mr. Stevens) did very well the other day with a bad subject. He succeeded in making himself believe, if he did not make anyone else believe, that Canada was not in such a bad condition. He stated it was unfair to use dollars and cents in making comparisons, that we should use volume in order to explain the real position of Canada. Unfortunately volume does not take our wheat out of the country, nor does it take care of our cattle. The government states it is going to do something, but this is the greatest to-morrow government I have ever seen. It has been going to do things for the past three or four years.

When the Minister of Finance delivered his budget I had hoped that his speech would show that he and his government realized that the imposition of these high duties was the cause to a large degree of the difficulty through which we are now passing. I had hoped there would be some remission in the tariff, but there was not a sign except as it affected certain manufacturers and their raw products. I am not alone in this opinion, the best economists in the world hold with this position. Hon. gentlemen will say that other countries have done certain things and Canada would suffer if she did not follow suit. In reply to that I would refer them to the last

four years of the Liberal administration. Other countries were putting up their duties to an unprecedented degree and we did not seem to suffer very much as a consequence because we were able to make agreements with other countries. I had hoped that our tariff had been raised to such a point that it could be used in making favourable trade treaties with other countries willing to trade with us. Did it work out in that way? I need only refer to what the Prime Minister said when he attended the trade conference in England in 1930. He was not willing to trade with Great Britain and give her a chance to get her goods into this country. Hon. gentlemen may talk until they are tired about the encouragement given to empire trade by the conference agreements, but so long as Canada maintains her present position and refuses to buy, we poor individuals engaged in the primary industries will be unable to sell our products. It is futile to talk about blasting, that does not mean anything.

What has the government been forced to resort to? It has been forced to the subsidizing of the natural products of the country. There is also talk of reducing the wheat acreage and other matters of this kind. It is said we have overproduction but hon. members who have given any thought to this matter know perfectly well that we have not overproduction—our trouble is under-consumption. Do hon. members mean to tell me that the 1,300,000 people being fed by the government are consuming all they are capable of consuming? Not at all. The same thing applies to the people in other countries where similar policies are being pursued. Because other countries are carrying on a policy of trade restriction, it is said that Canada should follow suit. Such a policy is costing the treasury of this country more money than we can possibly estimate. I do not mean to say that under a different policy we would be able to collect $244,000,000; not at all, but I do say that we would not have the tremendous drop in revenue which has occurred through the infliction of these excessive duties with the consequent restrictions of trade.

In the forty minutes at my disposal I am not able to go very far into this matter, but I should like to deal with another point raised the other night by the Minister of Trade and Commerce. He referred to the stabilization of the wheat market through the injection of assistance by the federal government. I have sold and raised wheat for the past twenty-five or thirty years and may I say to the minister that whatever advantage this step may have been in 1930 and 1931, it certainly was no advantage in 1932. Do hon. members mean to tell me that the government stabilized that market when, after they went into it, wheat which was selling at sixty cents a bushel, began to go down? Were we foolish enough to believe the government were stabilizing that market when the price of wheat would drop four or five cents a bushel within a day, until it reached the low price of forty cents, the lowest it has ever been since I have been engaged in farming in western Canada. I am bound to think and still believe if the market had been left alone, we farmers who produce the grain would have had more from our products than we have under the circumstances that exist. I have not time to go into details in that connection, but examining these orders in council and looking into the whole matter of what they fondly call stabilization of the Canadian market and what the Minister of Trade and Commerce said the other night, namely, that Canada played a very important part in stabilizing prices throughout the world, let me say to him that it is not such an important part Canadian products play in the stabilization of world prices.

Mr. STEVENS: I said the Winnipeg grain market.

Mr. STEWART (Edmonton): I am speaking of the Canadian market—the Winnipeg market, yes.

Mr. YOUNG: The Winnipeg market is a world market.

Mr. STEWART (Edmonton): The minister did not say that.

Mr. YOUNG: I say it.

Mr. STEWART (Edmonton): The hon. member may say it if he likes. One does not believe that sort of thing. So far as the stabilization of the Canadian market is concerned, if my hon. friend takes any comfort out of that, then I shall say to him that I would like a better explanation than the one he was able to give the other evening when presenting the case to the house.

Another matter the government seemed to be determined to preserve was the sanctity of the dollar; we must remain on the gold standard. It will be remembered that a few weeks ago we had in this house a vote on which most of us on this side voted for the placing of the dollar on a parity with sterling. I recognize some difficulty in this connection, but we were told by the Prime Minister that the government stood for a sound dollar and that there would be no inflation which it was assumed there would be were we to attempt

to place our currency on a parity with sterling. It was plain that to do so would reduce the value of the Canadian dollar to a very low point. To-day I made inquiry and I find that exchange is twenty cents; that the Canadian dollar is worth eighty cents in New York. That is what we have to pay if we wish to exchange Canadian currency into United States funds.

We were warned also that, this being the case, the situation in Canada would become serious. Let us examine this for a moment or two. According to the statement issued by the Minister of Trade and Commerce the other day, we owe in the neighbourhood of $3,700,000,000. It is assumed that the provinces and municipalities owe something in the neighbourhood of over $2,000,000,000, making a total of about $6,000,000,000, and that corporations and individuals owe in the neighbourhood of $2,500,000,000, bringing the total to about $9,000,000,000. If we take the whole amount, fully one-half of it is owed in Canada; the other half is owed in the United States and abroad. The first benefit from inflation would be that it would help the situation in Canada in connection with at least one-half of our obligations and to some extent, not altogether, offset the increase in our obligations abroad. In the second place we would not be talking to-day about stabilization of the items mentioned in the budget if we were on somewhat of a parity with sterling and we would not be having the complaints from hon. members on this side and from hon. members opposite, if they would speak their minds, regarding the selection of a restricted number of commodities. This benefit would apply to every Canadian commodity marketed in the old country; we would get the benefit all along the line. Hon. gentlemen say that they are going to increase prices by something like fifty or sixty cents on the British pound on all the goods on the selected list sold in Great Britain. If that is the case, the goods that are not mentioned will have to take a reduction of fifty or sixty cents on the pound sterling. The argument must be good both ways. Therefore the advantage to be obtained by inflation far out-weighs the bugaboo held out that our exchange will cost us too much and it will be the ruination of the credit of Canada. Let us see what happened in Australia—I have a quotation which puts the matter much more tersely and better than I could:

> Two years ago the people of Australia confronted a situation more desperate and more disheartening than the people of Canada have ever faced. But to-day Australia is the most prosperous part of the British Empire.

[Mr. C. A. Stewart.]

We were told that Canada was, but apparently this economist does not think so.

The six and a half million people of that dominion found themselves two years ago saddled with the colossal debt of $5,000,000,000, their solvency despaired of, their export restricted, unemployment growing, and all the influences of the world-wide depression breaking upon them as they did upon the people of Canada.

Australia has not defaulted one dollar of its interest payments abroad, and has not asked outside creditors to cut down their claims. These obligations have been met in full. The spread of unemployment has been checked, and the movement turned in the other direction. Business is on the upgrade. Exports have expanded. Deflation has not been allowed to run riot there. The farmers are drawing twice as much per bushel for their wheat as the farmers of western Canada. The country is buoyant with hope, money is cheap and plentiful and public credit has been restored.

I very well remember it was stated in the house the credit of Australia was doubtful two years ago.

These changes did not come about by chance. They were the direct and calculated results of public policy. Instead of submitting to the depression, Australia has fought it, and won. The government of Canada has let depression dictate conditions, with the results that we see, and another tax-raising budget as the latest of them. The government of Australia has actually started to reduce taxation!

There were three steps in the program by which Australia countered the change in world conditions. The first was a revaluation of the currency. The gold standard was abandoned and the Australian pound hitched to the British pound. Export trade went up to 26 per cent more than in the previous peak year. Australia had no wheat carry-over last summer. Her farmers sold out their crop at from 60 to 75 cents a bushel at point of delivery. Our farmers sold at half the price, and 130,000,000 bushels had not left the country when the shipping year ended.

As a second step, Australia increased the amount of its currency, otherwise "inflated," but only to a limited extent. That should interest our stand-pat economists who say inflation cannot be controlled. Australia has controlled it. It has applied no farther than to modify the ruinous process of deflation, that has been allowed to have full swing in Canada.

The third step was a plan of national economy. But the "economy" was not made to fall only on the civil servants, wage earners and poorer classes. Australian holders of public securities were asked to accept a cut of 22½ per cent in interest rates. To their eternal credit, 97 per cent of them did so voluntarily, and only three per cent from compulsion. Interest on mortgages was cut 22½ per cent.

A conversion loan was offered to the public. The result is particularly significant. Whereas the old six per cent bonds had fallen to 80, the new four per cent conversion bonds went up to 102. The bond holders who had sacrificed 22½ per cent of their interest found themselves with their whole capital in hand. That shows what the Australians think of the way the

depression has been met and what they think about the future. It shows also that they have money to invest.

Mr. COTNAM: May I ask who is the writer of that article?

Mr. STEWART (Edmonton): It is written by a very good friend of mine in western Canada who has just recently come from Australia.

Mr. COTNAM: What is his name, may I ask?

Mr. STEWART (Edmonton): John Jackson.

An hon. MEMBER: Where does he live?

Mr. STEWART (Edmonton): Why can we not do something of this kind in Canada? I have heard some reasons given, but frankly I cannot agree with them. Why is it that we drift on from year to year with no concrete plan for improvement? Why is it that we are simply waiting for the economic conference, the date of which has not yet been fixed? And all the time the load of debt taxation is increased from year to year, and we come to the end of the year in what condition? This year my hon. friend has to borrow $156,000,000 to supply what he should have received from the taxpayers of this country, and he has had to do the same thing every year since this government took office. How long can we keep going under those conditions? There has been added to the public debt of this country nearly $500,000,000, since the government took office. To-morrow I suppose we shall be discussing the railway bill because the railways are suffering for lack of business. To my mind, 75 per cent of the cause of that lack of business are the trade restrictions that have been imposed which kill traffic. What does my hon. friend propose to do about the railways? The government are appointing trustees, trustees in bankruptcy practically, to take care of the national railways of this country. I picked up the paper the other day and read that the drop in earnings of the Canadian National Railways for February over February of last year was $800,000, and that the drop in earnings of the Canadian Pacific was $132,000 over February of last year. Is it not time that drastic remedies be thought of in connection with public affairs in this country? Is it not time that we began to realize that the abyss spoken of by the Prime Minister is much nearer than many of us thought?

Yes, Mr. Speaker, we have to do something. What other indications do I see that the government are feeling a bit serious about the situation of this country after three years of their policies? Just a day or so ago they took the right by order in council to depart from the gold standard. I say to them in all sincerity that if they had taken that step long ago we would have had some benefit, but as it stands we seem to have all the evils and none of the advantages of staying on the gold standard. I say to them now that one of the first things they should do is to pass that order in council right away. Let them abandon this idea of bonusing the natural products of this country exported to the United Kingdom, and instead let them spread the advantage over the whole gamut of exports to Great Britain and let every producer get the advantage. I am entirely in favour of that kind of policy. I feel that perhaps the government will do it, and I pray to the Lord that they will do it. I hope that one of the first orders in council they will pass will be that very order.

Have we not arrived at the place, Mr. Speaker, where we cannot afford to borrow any more money. I believe every thoughtful man in this country realizes that. Indeed, how are we going to borrow any more money when we cannot to-day pay the interest on what we have already borrowed? We are now borrowing money to pay the interest upon borrowed capital. That is the situation of this country to-day. How long would an individual last who found himself in that position financially? Yet no one will deny that that is the position in which we find ourselves. We need not talk about the western provincial governments and their difficulties, because a part of their difficulties is a result of these obnoxious tariffs which I have mentioned; that and the excessive taxation in this country. I do not say that that is the whole cause of their difficulties. I do not defend them. I know that they have been reckless in expenditure for many years, but something has got to be done, and done quickly. I doubt very much if Canada can continue to feed 1,300,000 people very much longer. Then what are we going to do about it?

I noticed that the other day a delegation came to see the Prime Minister and urged the government to engage in a building program on borrowed money. I was relieved the other day when the Prime Minister stated in this house, in reply to an inquiry as to what effect inflation might have, that many years ago this country did inflate to the extent of $68,000,000, and no particular harm was done. We could not discover any evil consequences. The exchange did not go very seriously against us, and up to this day we have not yet discovered that that inflation worked any detri-

ment to Canada's position. Since that time the Canadian dollar has at times been at a premium in the United States. I have no fear, speaking for myself, of inflation at the present moment. I support it and believe in it. Not only that, but I would suggest to the government that in every city in Canada there are public buildings required in the public service of this country which might be constructed. This work could be begun at once. The government could take the responsibility of issuing currency for the purpose of constructing needed public buildings in every city in this country. Let them take this responsibility as it was taken in 1915, as depicted by the Prime Minister. If they are afraid of the effects so far as exchange is concerned, let them put a clause in the agreement reducing the issue by annual instalments from revenue for a period of fifteen years. The note issue will be reduced and we shall have the improvements and we shall have added nothing to the public debt on that account. The interest charges that we would have to pay on borrowed money would take care of the whole thing and provide work for a large number of the unemployed.

Those are some of the things, Mr. Speaker, which I would suggest to the government that they might do, and do immediately, to relieve the situation. Before this budget passes, for heaven's sake let the government remove some of the grievous inflictions which they have visited upon the trade of Canada with other countries. Let us do something to get rid of our surplus products. Let the government make some move. Do not simply sit still and wait for something to turn up, because it usually does not turn up.

This government has got a great deal of credit for the courage which its leader possesses. Let him exhibit some of that courage now and take a bold step as other countries have done; for the benefit of the taxpayers of this country. If he does that, not only will it help to relieve the situation, but it will save $15,000,000 or $18,000,000 for bonusing, which this government are going to pay out of the treasury, which apparently they consider inexhaustible. We deny our people the right to trade by imposing excessive tariffs, and then in order to provide some compensation for those whom trade restrictions hit the hardest the government dips into the treasury to give a hand-out to those people in order to square things. It cannot be done. In the long run it will mean that we shall not simply be standing on the brink of an abyss, but that we shall go right over unless drastic action is taken. I say to the government, let them take action, and so far as I am concerned they may depend upon my support.

Mr. B. M. STITT (Nelson): Mr. Speaker, at the outset may I join with hon. members who have preceded me in congratulating the Minister of Finance (Mr. Rhodes) upon the lucid manner in which he presented the budget. I agree with hon. members opposite that the minister did not present a very popular budget; in fact there are many points in it which I do not like. At the present time however this government is not looking for votes, and consequently this is not a vote catching budget. It was framed to meet realities, not imaginations.

I followed with a great deal of interest the remarks of the previous speaker, the hon. member for West Edmonton (Mr. Stewart) and also those of the chief opposition critic, the hon. member for Shelburne-Yarmouth (Mr. Ralston). After listening to the remarks of these hon. members I am prompted, in all kindness, to class them as listless diatribes, with more heat than light.

Certainly the hon. member for Shelburne-Yarmouth made a very clever legal analysis of the budget, an analysis of which only a high priced corporation lawyer like the hon. member would be capable. I believe I would not be unfair to him if I said that ten minutes after the close of his remarks he could have risen to his feet and made just as good a speech in favour of the budget, if he were honest with himself, with as much sincerity. All down the line we have been damned for our tariff proposals. Coming from western Canada I am not one who particularly favours tariffs. I have always felt that a low or medium tariff would be in the best interests of Canada as a whole. I realize that east is east and west is west, and what will make a meal for the east will starve the west to death. But, Mr. Speaker, Canada is not made up merely of the sum of its provinces; it is something greater than that. We from the west have to make sacrifices, the same as those in other parts of Canada, for the good of the body politic. That we are doing, and doing cheerfully.

The hon. member for West Edmonton was not quite so critical as the hon. member for Shelburne-Yarmouth. Of course he talked trade and tariffs, money inflation, gold standard, and touched upon all other subjects to the discussion of which we have been listening for weeks. In view of the economic conditions obtaining in Canada to-day, I am sometimes convinced that we need a human standard

more than a gold standard. How we are going to bring about that human standard I am not at the moment prepared to suggest. The hon. member for Shelburne-Yarmouth criticized at length the deficits on the Canadian National Railways. I believe there has been sufficient evidence adduced in the house to show that the Canadian National is not the only railway system suffering from deficits. Practically all of the greater railways in the United States are in the hands of receivers. The New York Central, one of the best and, in the past, most prosperous railways of the United States is to-day, in that position. For that reason I do not know why the hon. member felt justified in criticizing so severely the Canadian National system. It is simply a victim of conditions, that is all.

With his criticism of the pensions provision in the budget I find myself very much in agreement. I do not think it is necessary to take this crack at pensioners in the civil service. I believe there are other avenues of escape and other sources of revenue which might be explored. What is the position of these pensioners working in the service? When war broke out and Canada threw in her lot with the motherland, two things were asked for, namely men and money. We may picture two chaps, probably chums, one with a good job and the other with one not quite as good. One of these chaps enlists and in due time goes to France. He may come back all knocked to pieces, with a leg off, his nerves shattered and unable to resume his former vocation. The other fellow did not enlist, but stayed at home, and to make his contribution purchased bonds. The point I wish to make is this: We talk a good deal about the sanctity of contracts. If contracts are to be honoured, then, the promise made to the man who went to France is just as sacred as that made to the man who bought the bond. I think the government is ill advised in taking the step outlined in the budget. If it were going to stop there, it would not be so bad. However we have no assurance that provincial governments will not follow suit. Then, industries throughout the country will take similar action, and the first thing we know we will have a general condition as a result of the example set by the government.

If the government feels that returned soldiers should make a further contribution, and if it can be shown to those soldiers that they ought to help meet a national emergency, they will cheerfully make their contribution. But they want fair play. They do not want the government to take money from one branch of the service and let the rest go. We should not take it from the man who went to France, and not touch the chap who stayed home, slept in a feather bed and had three square meals a day. If it is necessary to assess returned soldiers, I believe it will be much fairer to make a five per cent assessment on pensions up to $50, and ten per cent over that, such assessment to apply throughout the whole pension list. If that action were taken I do not believe there would be a squeal from returned soldiers. They are never very far behind when contributions are necessary.

The hon. member for Shelburne-Yarmouth has criticised the government because of the falling off in trade and read many figures and statistics to prove his contention. I do not believe the people of Canada are very much interested in the trade figures for the last five years. They want to know what is happening to-day and what is going to happen to-morrow. That is what they are interested in. It must have been most disconcerting to the hon. member for Shelburne-Yarmouth when, picking up the Ottawa Citizen the morning after he made that great speech, he read on the first page the following article:

> Canada's foreign trade more stable than other nations. Decrease in export trade from 1931 to 1932 only 18·4 per cent, while that of the United Kingdom 20·7 per cent, United States 27·8 per cent, Germany 33·9 per cent, France 37·9 per cent and Austria 41 per cent.

That looks as though we are not the only country in the world which has suffered a loss in trade. I think those figures are very interesting in view of the statements that have been made by speaker after speaker from the other side of the house. From start to finish their arguments have been based on the assumption that the only country suffering from this depression is the Dominion of Canada.

Now I should like to say a word with regard to the government gamble in wheat, out of which the hon. member for Shelburne-Yarmouth sought to make a good deal of capital. The hon. member damned this government for taking a flier in wheat, as he termed it. Just what do some people in western Canada who are closely in touch with the wheat situation think about that government gamble in wheat? I would not be unfair to the hon. member for Shelburne-Yarmouth, I think, if I were to say that these men in the west have forgotten more about wheat than he will probably ever know. I have a statement before me made by Professor Swanson of the university of Saskatchewan. This gentleman does not need to be introduced to members of this house; he is one of the best informed men in western

Canada as well as one of our leading economists. Professor Swanson says that western Canada was saved from economic collapse by the action of the Dominion government in entering the Winnipeg grain market to buy futures at a time when heavy deliveries from western farms were pressing on the market. I think the people of the west will be prepared to accept the judgment of Professor Swanson in preference to that of the hon. member for Shelburne-Yarmouth in this connection.

Then the hon. member went on to the stabilization fund, which is designed to help the agriculturists in western Canada who are so sorely in need of help at this time. I do not need to deal with the condition of that industry; every western member at least knows full well just what those people are facing to-day. The hon. gentleman damned the government for granting this bonus, as he called it. Again I would quote the opinion of a western man whose judgment I think should carry some weight in this house, and before reading his words may I say that he is not a supporter of the political party on this side of the house. I refer to the lieutenant-governor of Manitoba, who is a very strong Liberal, and who has farmed and raised cattle all his life in western Canada. Lieutenant-Governor J. D. McGregor is reported as having said:

> The dawn of a brighter day for the western farmer as the result of the Rhodes agricultural stabilization fund was predicted by His Honour the Lieutenant-Governor, J. D. McGregor, at the annual meeting of the agricultural bureau of the Winnipeg board of trade—

He goes on further to say:

> I am sure we are on the upturn . . . because of the fact that we are getting into the British market on a better basis. It will give an impetus to the marketing of a lot of our products. There is a possibility also of entry into United States markets, but there is no doubt that the British market is our market if we can cater to it.

I think that statement pretty well disposes of the arguments of the hon. member for Shelburne-Yarmouth.

I do not intend to follow the diatribes of those two hon. gentlemen at greater length; I am going to devote the remainder of the time at my disposal to the discussion of matters that particularly concern my own constituency. Two weeks ago I had no intention of speaking during this debate, but one day the hon. member for North Waterloo (Mr. Euler) made a vicious attack on the Hudson Bay railway, and I have never been backward in my support of that enterprise. I have nothing against any hon. member opposite, but the hon. member for North Waterloo is one of those hon. gentlemen whom I like very much. I like his delivery; I like his attitude in debate, but I must say that I thought it was unfair of him to attack this project at this time. The Hudson Bay railway and the port of Churchill are just being put into operation this year. Previously that road has not been open for traffic; there was a dead line at mile 412, and Churchill is mile 511. If you wanted to get a passenger or a package of freight to Churchill you almost had to go down on your knees to some official in order to get a special permit. So really this is the first year the road has been thrown open for unrestricted traffic, and under those circumstances the hon. gentleman was very unfair in making his attack. We from the west who are supporting this project are not heard day after day and week after week damning the government because they have put $500,000,000 into a canal system in the east which does not even pay its operating expenses. You do not hear us damning the government for the Prescott elevator which cost $10,000,000, or for the Montreal bridge which cost $19,000,000. You do not hear us referring constantly to a dozen harbours in Canada that are not paying any interest on the investment. Right in the budget the minister was forced to take $26,000,000 from the active column and transfer it to the non-active column, simply because these harbours are not paying any return on the investment. Why then do these eastern members pick out this particular project and damn it all the time? I would say to my hon. friend that this is no time for this narrow, picayune sectionalism and provincialism. If this country is to become great there must be the heartiest co-operation between all parts of the country. I sincerely hope I have heard the last of this sort of thing in this house. Give this road a chance.

Mr. EULER: My hon. friend will pardon me if I remind him that my statement was made in reply to the remarks of the hon. member for Peace River (Mr. Kennedy), I think it was, in which he attacked Ontario and Quebec with regard to tariffs. I had no intention of making a vicious attack; I do not think I ever made a vicious attack on anyone or anything in my life. Would the hon. gentleman say that this was a fair attack to be made by a western member?

Mr. STITT (Nelson): I am sorry if I placed the wrong interpretation on the remarks of the hon. member; perhaps I am a

little sensitive with regard to this project, but I will defend it whenever it may be necessary.

During the discussion of the estimates the Minister of Railways (Mr. Manion) was asked certain questions, and there appeared to be some confusion as to the insurance charges out of this port. I am going to present these figures to the house. They are authentic; they are compiled from figures furnished by Thomas Harling and Sons, who chartered all the boats out of Churchill, and who should know what they are talking about. Before I conclude I will also state what I consider to be the proper time to open and close that port, because there was a little confusion in that regard also. These figures are as follows:

Cost via Churchill

	Cents per bushel
Ocean freight 3/3 per 480 pounds at exchange $4.10	8.325
Ocean insurance $1.25 per $100 value—say 60 cents per bushel	0.750
Out-turn superintendence and expenses at discharging port	0.500
Say, total	9.575

Cost via Fort William and Montreal

	Cents per bushel
Fobbing and expenses at Fort William	1 5
Lake freight	6.0
Lake brokerage	.25
Lake insurance—25 cents per $100 value say 60 cents per bushel	.15
Fobbing and expenses at Montreal	.375
Ocean freight 1/9 per 480 pounds at exchange $4.10	4.48
Ocean insurance—25 cents per $100 value —say 60 cents per bushel	.15
Out-turn superintendence and expenses at discharging port	.5
Say, total	13 405

Mr. BOWMAN: Shipping to where?

Mr. STITT (Nelson): Shipping to Liverpool, and this in spite of the fact that we are paying just five times more insurance out of Churchill than they are paying out of Montreal. In the case of a steamer carrying 280,000 bushels, the total insurance out of Churchill would be $2,100 as compared with $500 out of Montreal. That gives a fair idea of the difference in insurance rates; it shows the iniquitous rates charged out of that port at the present time.

Another commodity which is as important to the west as wheat is flour. Last year some of the western milling companies shipped some flour out on one of the boats and saved 19 cents per hundred by doing so, even at the high insurance rate. That I think is very important to western Canada.

Next, let us take the live stock rates, Churchill compared with Montreal. I will give some of the points and the corresponding figures:

Live Stock Rates to Churchill and Montreal

From—	To Montreal	To Churchill	Savings in rates to tidewater
	(Rates per car of 20,000 lbs.)		
Winnipeg stock yards	$170	$116	$ 54 00
Swan river	202	94	108 00
Yorkton	202	96	106 00
Saskatoon	225	102	123 00
Moose Jaw	221	108	113 00
Edmonton	229	126	103 00
Calgary	229	132	97 00
			$704 00
Average reduction per car or 50¼ cents per 100 pounds.			100 57

These rates apply all down the line on dairy produce, wheat and wheat products, and every other commodity produced in western Canada. All these savings have been made in spite of the fact that that route is discriminated against most unfairly by the marine insurance underwriters.

I come now to the question of season. The Minister of Railways (Mr. Manion) was asked some questions with regard to the season and I think the answers he gave were based on the length of time the port was open last summer. I think we should clear that up. The time that the first steamer arrives there and the time the last steamer leaves should not be considered as the length of time the route is open, because while the government maintains an icebreaker in the straits to assist incoming and outgoing vessels, the fact is that almost as soon as the last

vessel clears she immediately leaves there and comes back east and finishes her work for the season somewhere on the Atlantic coast. So that it is hardly fair to say that the open season lasts only from the time the first boat arrives until the last boat leaves. I have some figures with regard to the dates of opening and closing of the harbour at Fort Churchill, taken from the Hudson's Bay Company log books. It is therefore official. The average is about four and a half months, from 1825 to 1894. I will not burden the house by reading this long list but will hand it over to Hansard for publication:

Dates of the Opening and Closing of the Harbour at Churchill

(Compiled by the late Senator Ferguson, P.E.I. from Hudson's Bay Company's log books)

Year	Open	Closed	Length of open season
1824	.....	Nov. 2	
1825	June 12	Nov. 18	5 months, 6 days
1826	June 11	Nov. 22	5 " 11 "
1827	June 24	Nov. 13	4 " 20 "
1828	June 22	Dec. 1	5 " 9 "
1829	June 10	.....	
1833	June 18	.....	
1834	June 21	Nov. 15	4 months, 25 days
1837	.....	Nov. 1	
1838	June 27	Nov. 4	4 months, 8 days
1839	June 21	.....	
1841	.....	Nov. 25	
1842	June 24	.....	
1843	June 25	.....	
1844	June 24	Nov. 23	5 months
1845	June 19	.....	
1846	June 10	Nov. 28	5 months, 18 days
1847	June 26	.....	
1848	June 19	Nov. 6	4 months, 18 days
1849	.....	Nov. 27	
1850	.....	Nov. 15	
1851	.....	Dec. 1	
1852	June 13	Nov. 28	5 months, 15 days
1853	June 24	.....	
1855	June 19	.....	
1856	June 9	.....	
1857	June 21	.....	
1858	.....	Nov. 11	
1860	.....	Nov. 8	
1861	.....	Dec. 4	
1862	June 7	Nov. 5	4 months, 29 days
1863	June 5	Nov. 11	5 " 6 "
1864	June 21	Nov. 14	4 " 24 "
1865	June 23	.....	
1866	July 2	.....	
1885	.....	Dec. 4	
1886	June 17	.....	
1892	June 19	Nov. 11	4 months, 23 days
1893	June 19	Nov. 4	4 " 16 "
1894	June 6	Nov. 19	5 " 13 "
Average	June 19	Nov. 18	5 months
Earliest (in 1863)	June 5	Nov. 1 1837	
Latest (in 1866)	July 2	Dec. 4 1861 and 1885	
Longest season	.....	.....	5 months, 18 days, in 1846
Shortest season	.....	.....	4 months, 8 days, in 1838

This table extends from the year 1824 to the year 1894, a period of seventy years; it gives the date of the opening and closing of Churchill harbour for all of these years, taken from the records of the Hudson's Bay officials, and it is found that the average day of opening is June 19, and the average day of closing was November 19, and that the average period of open navigation is five months.

[Mr. B. M. Stitt]

Doctor Robert Bell gives his testimony with regard to other points in the bay, somewhat south of Churchill. He says:

I have a record of the principal phenomena of the seasons at Martin's falls, on the Albany, extending through a period of fifty years, and from it I find that the river is open there on an average of six months in the year. I have also a record of the dates of opening and closing of Hayes river at York Factory, extending over more than fifty years, from which it appears to enjoy an average of fully six months of open water. The Nelson river is open for a longer period.

I will add to the foregoing statement the opinions of some men who know what they are talking about. They are opinions that carry more weight than those of gentlemen who sit behind mohogany desks in the old country and set these rates—men who would have a good deal of trouble finding Hudson bay on the map, to say nothing of having any information about it. I will give the opinion of Captain Bernier, an explorer who spent almost a quarter of a century in the northern waters and who knows the Hudson strait and bay probably better than any other man in the world. What does he say? This is the evidence which he gave before the Senate investigating committee:

The Hudson bay and strait are open to navigation the year around, but as far as the strait is concerned icebergs block the way in places according to where the current into or out of the bay drives them. With wireless stations established so that ships could be directed in their course the Hudson bay ports would rank amongst the most important on the continent, owing to the very appreciable difference in distance to Europe compared with that of other ports.

Radio stations and other aids to navigation have been installed and it is now admitted by all shipmasters who have been there to be one of the most foolproof routes in the world. I talk to almost every captain who has sailed into Churchill in the last two years, men who have sailed the seven seas and been all over the world, and every one of them says, without hesitation, "Mr. Stitt, we would much rather go into Churchill than into Montreal, any day." So that it does not lie in the mouths of eastern members to condemn the route before it has been given a fair chance to make good.

I hope that this year the government will see fit to declare the port officially open, and that some sort of celebration will be held there worthy of a route which is going to mean so much to the farmers of western Canada. We who are behind this route, who have given our time and money to bring the project to a successful conclusion, are going to make it our business to see that it gets a fair chance. We are going to tolerate no shenanigans or monkey business from anyone. I do not mean by that that either this government or any member of it has made any attempts at monkey business. I will say for the Minister of Railways that he has cheerfully done everything that any man could be expected to do to make the route a success, notwithstanding adverse criticism; and I can assure the house that had he failed in that respect at any time it would not have been long before I would have got on my feet and told him about it.

This route is being thrown open for business this year. It is still under the control of the Department of Railways and Canals and is in no way connected with the Canadian National Railways. This railroad runs through my constituency and I know a great deal about the territory it serves. This is one of the richest undeveloped pieces of territory in the world to-day. There are 178,000 square miles of virgin territory adjacent to this line, sixty per cent of which is known to be mineralized. Only two per cent of that area has been prospected, yet we have one of the largest producing mines in the world at Flin Flon, a mine turning out $40,000 of new wealth every day. This development would not have been possible had the Hudson Bay railway not been constructed. Prospecting and exploration work is going on at a dozen different points and new gold finds are being made almost monthly. I hazard the guess that within the next two years there will be ten producing gold mines in that district turning out at least $15,000,000 to $20,000,000 of gold per year.

There are millions and millions of cords of black spruce, the finest pulpwood in the world, not to mention the millions of horsepower still undeveloped. There are other mineral resources besides gold as well as great fishing resources, despite reports to the contrary. I should like to see a proper organization installed as quickly as possible to handle this railroad. An operating superintendent who knows railroading from the ground up should be placed in charge. At the present moment a construction engineer is operating this line. I have no criticism to make of this man as a construction engineer because he is very honest and efficient in that line but we have reached the stage where we are going to put on long pants and a proper organization should be provided. If possible, a new divisional point should be made at The Pas. At the present time there are 772 miles of railroad running out of The Pas. There is the Canadian National line from Hudson Bay Junction to The Pas, the Hudson Bay

railway from The Pas to Churchill, the Canadian National line from The Pas to Flin Flon and the Canadian National line from The Pas to Sherritt Gordon Mines on lake Kississing, in all a total of 772 miles. This mileage is the average mileage covered by division points throughout the Canadian National system. With a new divisional point having an operating superintendent in charge, a colonization department could be organized. There are thousands of acres of the finest agricultural land in the world adjoining this railroad and no attempt has been made to tell people about it. The operating superintendent could organize a traffic department which could go out after new business for this road. One of the greatest difficulties facing this road is the fact that it is not connected with the Canadian National Railways although owned by this government. The Canadian National station agents throughout the west at points which this road could serve well and profitably go out of their way to route grain to Fort William or Port Arthur rather than to Churchill over the Hudson Bay railway. They do this because they get no credit for any new business they may obtain for the Hudson Bay line whereas they do get credit for new business obtained for the Canadian National Railways. If this road is going to be given a chance a new divisional point should be created with an operating superintendent in charge.

It is hoped that we will be able to have an official opening of the port this year. If that does take place I hope that as many members of this parliament as possible will attend. I can assure hon. members, especially those from the east, that they will have their eyes opened. A couple of years ago the Canadian chamber of commerce made a trip to Churchill in a special train. I can recall the fur coats and other heavy wearing apparel which they brought along but after their arrival at Churchill they found the weather so warm that the heavy coats were soon placed back in the cars. It was a bright sunny day, just the kind of day you get here in July. We have that kind of weather for almost six months in the year. It is true we have extreme cold and heavy snow storms, but such weather is to be expected in any country bordering on the Arctic. Personally I prefer that kind of weather to the so-called climate you have here. We at least know that we will have winter weather during the winter season. On behalf of The Pas and the north country I extend a most hearty invitation to all members to pay us a visit. They will be sure of a welcome such as only true northerners know how to extend.

[Mr. B. M. Stitt]

Mr. MARTIAL RHEAUME (St. John's-Iberville) (Translation): Mr. Speaker, I regret that none of my French speaking colleagues, who sit on the government benches, are in the house, as I should have liked to put a few questions to them.

Since I have had the honour of being a member of this house, it is the third budget which I have pondered over. Even previous to becoming a member, I had been for a number of years a reader of Hansard; I have always followed with interest the various phases of the Dominion government's legislation. Even, to-day, I referred back to the Hansards of the 1929 and 1930 sessions, in order to ascertain the views of our good friends opposite on the budgets brought down by the government of that period. The budgets introduced by the late Liberal administration, from 1923 to 1930, decreased taxation and showed surpluses. For the past three years, this government has introduced, at each session, new taxes and have only had deficits to show. Glancing over the 1931 budget, when the right hon. Prime Minister (Mr. Bennett) was Minister of Finance, I note that he opened his remarks by announcing duties on tea, increasinng the tax on postal stamps, raising the sales tax from 1 to 4 per cent, levying a tax on coal and burdening us with numerous other forms of taxation. He stated, however, when levying these new taxes that he would have the pleasure of announcing a surplus for 1932. To the great amazement of the house, when the 1932 budget was brought down, a deficit and further taxation were announced. A few days previous to presenting the budget, the right hon. Prime Minister appointed the present incumbent (Mr. Rhodes) to the post of Minister of Finance. I must congratulate him on the courage he displayed in bringing down a budget like the present one. It holds the record, because never to my knowledge or to that of old parliamentarians was there ever submitted to the house a budget so burdened with taxes. In 1932 also, we were informed that with the new taxation the government hoped to declare a surplus. The 1932 budget disclosed an increase in the sales tax from 4 to 6 per cent, a duty on biscuits, an increase in excise taxation, such as on cheques, telegrams, long distance telephone calls, railway tickets and everything one can think of, beside lowering the minimum exemption of the income tax. Moreover, it disclosed a decrease in the agriculture estimates and an increase in those of the National Defence.

The other evening, the hon. member for South Huron (Mr. Golding) in a speech quite

to the point, stated that five ministers of the crown had taken part in the election of South Huron, in the autumn of 1932, and had requested the people of that constituency to elect a competent farmer in order to advise the government on the means which should be taken to help the farming class. I regret to state that ever since the advent to power of the Conservative party, the only thing that was done for the farmers and workmen was to burden them with taxation.

What were the pledges given to farmers and workmen in 1930? For the workmen, work was to be found; the farmers were to have markets and better prices for their products. I do not wish to refer to butter, we heard enough of it during the election of 1930. The New Zealand treaty was cancelled, nevertheless there has just been imported into this country 425,000 pounds of butter, and the price of this commodity is now two cents lower. No protest has come from the eastern townships Conservative members who were elected on the butter question. I am aware that our good Conservative friends of Quebec are perhaps busier these days carving out counties with the hope of being returned at the next election, than in devoting their time to the budget or studying the taxes which will burden the farmers and workmen; however, I wish to give them fair warning that notwithstanding all the means to which they may resort, I do not think that there are among them any who display the qualities required to be re-elected, in spite of all the county carving they may resort to.

We note that in the Agriculture estimates of 1932, there was a decrease of more than $3,000,000, yet, not a single member opposite protested, notwithstanding the fact that the majority of my Conservative colleagues of Quebec represent as I do constituencies mostly composed of farmers. Again, in 1933, there is a decrease of $381,000 in agriculture and not a single rural member opposite has protested. In the National Defence estimates, on one single item of $111,000, we find an increase of $32,000. I think that in these times of depression, the government should first cut down expenditures which are absolutely unnecessary. One may object that it behooves the opposition to protest. One of my good Conservative friends from St. Johns, an admirer of the right hon. Prime Minister, in 1930, as recently as yesterday, asked me what were my views on the 1933 budget. My reply was "I cannot give you my views because you might think that I am biased in this respect." He then replied that the Prime Minister was certainly the first (premier) Prime Minister of Canada who has proved the greatest disappointment to this country. The Prime Minister, when leader of the opposition, in the course of his 1930 electoral campaign, promised to find work for everybody, to balance our budget and make of Canada a prosperous country. My friend further added: "He has done absolutely nothing, neither has he reduced expenditure." The government did reduce certain expenditures, for instance, in public works, agriculture, beside cutting down ten per cent of the salaries of civil servants, etc. All this to throw dust in the people's eyes. However, I state that from a business viewpoint, nothing has been done. Taxes have been increasing from year to year.

A short time ago I met a good friend of mine who said to me: "What can we expect from this budget? Will there be further taxation?" My reply was: "My good friend, there will certainly be further taxation because no government has ever existed which has displayed more ability to tax than the present Conservative government." And this year's budget has certainly proved my contention.

The hon. Minister of Finance is an able lawyer, an eminent man. On March 21, last, in his budget statement, the hon. Minister of Finance, at page 3225 of Hansard, states:

> The chief items to be taken from the exempt list are materials and non-permanent equipment entering into the manufacture of goods subject to the sales tax, fuel oil, molasses, corn syrup and sugar cane syrup, cleaned rice, sago and tapioca, certain other processed foodstuffs, and certain types of machinery and appliances.
>
> All items included in schedule IV of the Special War Revenue Act, now taxable at 3 per cent, will be subject to tax at the full rate of 6 per cent, with the exception of articles manufactured or produced by the labour of the blind in institutions in Canada . . .

This list contains many items, however, if I am not mistaken, peas, beans, rice, vermicelli and all canned vegetables have also been taxed 6 per cent, and it is most unfortunate on the part of the hon. Minister of Finance not to have made any mention of these products, because, after the discussion which is taking place in committee, the public will be able to judge for themselves how much they are being taxed.

I am fully aware that to carry on the administration of this country the government requires funds and must seek them in taxation; however, what astonishes me is that each budget of the Liberal regime showed a

decrease in taxation and a surplus in our balance sheets.

Ever since I have been a member of the house, the government has always increased the taxes and even doubled them, yet it has always had deficits. What I disapprove is the reduction of taxes on articles of luxury, such, for instance, as a $2.00 reduction on spirits per gallon and 20 per cent on cigarettes. Since taxes are necessary why reduce those on spirits and cigarettes and increase those on the prime necessities of life? To my mind it is reversing the national order of things. It would have been more rational to increase the duties on spirits and cigarettes, however, the reason for this may be to favour certain companies which, no doubt, subscribe large amounts to the election funds of the Conservative party.

A duty on cigarette paper of 2 cents per 100 sheets and 5 cents per 50 tubes has just been levied.

Therefore, a person who cannot afford paying 20 cents for a packet of cigarettes or one cent each, is now forced to pay a duty on cigarette paper of 2 cents per booklet of 100 sheets or 5 cents per 50 tubes. I think it would have been wiser not to reduce the duty on cigarettes which everybody admits is an article of luxury. I do not smoke more cigarettes now than I did when I had to pay 25 cents per packet of 20. Those who indulge in liquors do not consume more, to-day, owing to the fact that they now pay a few cents less per bottle.

I deny to the government the right of taxing molasses—the dessert of the poor man's table—sugar, 2 cents per pound, when the price at the refinery is $4.18 per cwt A good Conservative told me yesterday that they had paid as high as 15 cents per pound during the war. It is true that we paid as high as 15 cents per pound during the war, however, at that period, people had work and could afford paying that price.

I must insist that an inquiry be held by the government, in connection with those who profited by the tax increase on sugar and that the names of those who realized profits of $600,000, be revealed. The newspapers disclosed the fact that a manufacturer of soft drinks, in Montreal, had made such a profit. I state, Sir, when Canadians are starving, when we have over 1,000,000 unemployed, the government has no right to allow companies or private individuals to realize such profits. I have been informed that friends of this government, who were tipped off, made a profit of $150,000, on one sugar purchase. The government will sustain a loss of more than $5,000,000 on sugar duties.

[Mr. Rhéaume.]

I am aware that the government is always well disposed to appoint commissions, for instance, the commission which inquired into the prices of coal. The latter held an inquiry in the offices of those who were charged with exploiting the people; I know for certain that no more will be heard about this inquiry, and that the result will be hushed. However, I state that the government should hold a searching inquiry in connection with those who took advantage of the duty on sugar, they should denounce the guilty parties, fine them and make them reimburse the treasury. When a poor fellow is caught with a gallon of whisky or even a quart on which no duty has been paid, he is fined $200 and costs, beside being condemned to 30 days in gaol, while those who have stolen $500,000 from the country escape punishment. I do not know whether the information on the proposed duty on sugar leaked out before the budget was brought down; however, there must certainly have been some indiscretion. It behooves the government to hold an inquiry and punish the guilty parties, if possible, while forcing them to reimburse the treasury. These people purchased sugar by hundred thousand bags, they will sell it to the working classes, the farmers, to everybody in this country and will realize a profit of 2 cents per pound, a profit which should have been paid as a duty to the government.

When I spoke on the budget, sir, in 1932, the hon. Minister of Finance was absent from the house, so I requested has colleague, the hon. Minister of National Defence (Mr. Sutherland) to communicate to him the remarks which I then made in connection with the tax on luxuries. May I, sir, quote those remarks in English so that the hon. Minister of Finance may follow them:

> Now, sir, I wish to make a few comments on the luxury tax. I regret that the hon. Minister of Finance (Mr. Rhodes) is not in his seat. However, I trust that his good friend, the hon. Minister of National Defence (Mr. Sutherland), will draw his attention to my remarks or that he will read them in Hansard. This luxury tax was discontinued, I do not know by whom. However, if an error was committed, it was when the luxury tax was abolished, much to the detriment of the people.

In May 1920, there existed a luxury tax which had been levied by the Conservative government. A delegation, naturally, composed of capitalists and millionaires probably interviewed the government in order to protest against this tax which was detrimental to those who subscribed to the election funds; it was, therefore, decided by order in council, in December 1920, to abolish this luxury tax.

This reduced by 10 per cent the price on these articles and allowed these gentlemen to save that amount when making gifts.

There exists a duty on the prime necessities of life as, for instance, on boots and shoes, picks and shovels which the working classes required to earn a livelihood.

The 6 per cent tax is the same for the workman who purchases a pick, a shovel or a pair of rubber boots required to earn his bread, as it is for the well-to-do person who purchases a pair of shoes to attend a dance or some other event. I state that it is unjust. A luxury tax should exist.

One may object that the thing seems absurd. However, one has but to visit the principal stores of Ottawa and Montreal or elsewhere, as, for instance, Morgan & Co., Birks and Mappin and Webb, in Montreal, to find out that their stocks comprise more than 90 per cent of articles of luxury. I think that previous to taxing the prime necessities of life we should levy a tax on luxuries, especially in times of depression. When a duty has just been levied on molasses, sugar, articles of first necessity, rice, vermicelli, necessary to the workman to feed his family; biscuits and jams, I think that this has no common sense. Why not place a duty on furs, silver fox, diamonds, expensive dining room sets, lace, evening dresses, in fact all jewels and articles of luxury? In times of crisis and distress such as we are passing through, when one tenth of the population is in want, I state that those who can afford it should be the first to be taxed.

Mr. POULIOT (Translation): We would have to tax motor cars made in the United States.

Mr. RHEAUME (Translation): Then, we have the automobile de luxe. A duty of 5 per cent has just been levied on tires. Do you think it fair and reasonable, sir, that a poor worker or farmer, who is obliged to have a motor truck to transport his products to the market or his milk to Montreal or elsewhere, should be placed on a level with millionaires who own a Packard, a Pierce-Arrow or the best makes of motor cars, and forced to pay 5 per cent on tires. We should have established a difference. It may be objected that a Ford tire does certainly not cost as much as one for an automobile de luxe. That is a fact. But the tires for ordinary truck with a capacity of one or two tons, which are used by the working class to earn a livelihood, are as expensive as those of an automobile de luxe. Could not a person, who has the means of purchasing a motor car of $4,000, $5,000 or $6,000,—that is his business after all—could he not, I say, afford to pay 5 or 10 per cent duty? One may object that 10 per cent is a high duty. However, when 6 per cent is levied on articles of prime necessity, which are absolutely necessary to keep one alive, do you consider, sir, that a tax on luxuries of 10 per cent is too much? I state that it is not. When comparing the sales tax on articles of prime necessity with that of a tax on luxuries of 10 per cent, it is certainly not an exaggerated one.

I happened to be in Montreal, yesterday, and called on a friend who is employed in a furniture store. He asked me to look over the new furniture they had received for the spring sale and showed me a bed room set; the latest thing out, made in Ontario. I inquired the price. It was $850. It is rather expensive, but very beautiful, indeed, a marvel, I said; however, a person who can afford to pay $850 for such a bed room set, when he can purchase a good one for $50 or say $100; I state, that he certainly can afford paying a tax to the country.

When a person buys his wife a silver fox fur and pays $50, $60 or $75. . .

Mr. PARENT (Translation): $150.

Mr. RHEAUME (Translation): . . . also furniture, dresses and many other things, do you think, sir, that it is unfair to put a tax on luxuries? When a lady purchases an evening dress and pays $35 or $40, the 6 per cent sales tax is included; when you require a comfortable overcoat and have to pay $25 or $30, the 6 per cent sales tax is also included. If you require an ordinary suit you must pay $25 and that includes the 6 per cent sales tax; if you require a tuxedo suit to attend banquets three or four times a year or you think you should have one in your wardrobe for your own satisfaction, you certainly are able to afford to pay 10 per cent more to help out the poor people of this country to weather the crisis.

Briefly, sir, I consider that the present budget—I do not blame the hon. Minister of Finance with whom I am personally acquainted, having chatted, on occasions, with him, he is a charming fellow, always well disposed, however, circumstances, so to speak, forces him to become the hangman. I state that before levying a tax on all articles of prime necessity, on farm implements which have been increased from 150 to 300 per cent, the government should weigh their acts after the promises made, in 1930, and the solemn pledge given to the people of this country.

When a candidate aspires to become mayor, councillor or member of parliament, either

for a town or county, he pledges himself, if elected, to carry out certain reforms or measures. When the Prime Minister was touring the country, he also made promises to the working classes in Montreal and Sherbrooke. Last Saturday, while in Sherbrooke, I met a workman who told me that, when the Prime Minister came to Sherbrooke on his election tour, he had gone to the Armory to hear him speak, and, the Prime Minister had pledged his word that, if elected, within two months all the factories of Sherbrooke would be in operation, that everybody would have work. Although a Liberal he said, I took him at his word and voted for the Conservative candidate.

Mr. POULIOT (Translation): He was wrong.

Mr. RHEAUME (Translation): There is no doubt about that. Rest assured that he will not cast his vote for him at the next election. However, when the Prime Minister or the leader of the opposition, a minister of the crown or a candidate makes a promise to the people, he is bound in honour to fulfil it, yet our good friends opposite, from the eastern townships, made promises to the farming class, and since I have been in the house, I have not seen one rise and protest against the conference agreements entered into last autumn, such as the tariff increase on barbed wire and cream separators; no, not one rose in the house. The Liberal party was criticized for permitting New Zealand butter to enter this country, yet, to-day, it is flooding the market and not a protest is heard. Again, I state that they are false to their pledges. When a candidate presents himself before his constituents and pledges his word, it is a solemn pledge, it is not, one may say, an oath (serment), but it is his word of honour.

Mr. BOUCHARD (Translation): That is an anguish (serrement) of the heart.

Mr. RHEAUME (Translation): Must we only act under oath! When a man has probity and honour, when he makes a promise, he fulfils it. His party may blunder; however, he must have the courage to rise, point out the errors of their ways, and protest. The other day an hon. gentleman opposite, the member for North Renfrew (Mr. Cotnam) protested on behalf of his constituents because lambs were not selling, on the Montreal or Toronto market, the price they should I congratulate him because I think he is the only member opposite who had the courage to rise in the house and protest on behalf of the farming class.

In closing my remarks, sir, I state that the government has done nothing for the farming and working classes. Since three years the government has been in power, it has taxed, overtaxed and treble taxed the people. When the reckoning day comes, let me assure you sir, that the people will remember; and we, the Liberal party, are anxiously awaiting the day when the Canadian people will recover their rights and again enjoy prosperity.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

CONSIDERED IN COMMITTEE—THIRD READING

Bill No. 49, respecting a certain patent application of Fred Charles Fantz—Mr. Anderson (Toronto-High Park).

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston.

Mr. W. T. LUCAS (Camrose): Mr. Speaker, may I first take this opportunity of offering my congratulations to the hon. Minister of Finance (Mr. Rhodes) for the very complete and businesslike statement which he presented to the house and the country in his budget speech of March 21. In my opinion it gives to the ordinary person a very clear and vivid picture of the financial condition of the country. It is a statement which should be easily understood, but if not, at least the application of its provisions will I think be readily felt by all. The addition of $156,000,000 to our national debt should bring home to every citizen the fact that in spite of her great natural wealth, and her virile man power, Canada, under our present financial

system, is fast building up a colossal interest-bearing debt which if not properly dealt with will eventually drag us down to ruin.

Perhaps one of the bright spots in the budget may be found in the first part of the minister's speech where under the heading, a short review of world economic conditions, he points out that a world financial storm of unprecedented severity first started in Austria, passed from one country to another, finally reaching the United States, which, with its huge gold reserves, had been thought to be impregnable. But the world has recently witnessed the financial debacle which took place in that country, and many are coming to realize that after all gold is not real wealth. Now, however, that the last stronghold has been bombarded and compelled to yield, it may bring home to the people of the world the fact that the financial policies of the past have proved themselves totally inadequate to meet present day conditions, and also that the men who have guided and directed those policies will either have to change their views or give way to men with a clearer vision of the new world in which we live, a world endowed with great wealth, with plenty for all who are ready and willing to work and play their part in society, or else carry on as we are doing, and be dragged down into the bog of misery and despair. The choice, Mr. Speaker, will have to be made and made quickly, for to quote the words of the Minister of Finance in introducing his budget, "Events are moving rapidly, driven by the urge of economic necessity."

Under our present financial system the object of every minister of finance is to balance his budget, a very laudable thing to do if it can be done without entailing too much sacrifice on the part of the masses of the people. But with a total expenditure of approximately $418,000,0000, only $145,000,000 or roughly 35 per cent of which is controllable expenditure, and with a total deficit of $156,000,000, if we are to balance the budget through economy alone we would have to wipe out all salaries and all services to the people, together with all upkeep of our public works and public buildings, and on top of that find another $11,000,000. One realizes then how absurd the argument becomes Yet we have such bodies as the Montreal board of trade circularizing the members of the House of Commons, advocating the cutting down of expenditures in order to balance the budget. A banker from the same city is also reported on the front page of the Ottawa Citizen, on March 23 last, as saying in regard to the present budget that the only disappointment in the budget speech is a lack of a serious effort to reduce expenditures. I wonder just what services and expenditures these men would have us cut out. Or do they mean that interest charges, which is by far the largest item in our uncontrollable expenditure, should also be cut?

A careful perusal of the finances of the country shows that while the government have been making heroic efforts to reduce controllable expenditure by the reduction of salaries and services, and so forth, any savings which have been made in this direction have been largely offset by an increase in interest charges. For instance, at page 3223 of Hansard the Minister of Finance makes the following statement:

> It is proposed therefore that the original allotments to departments of the votes for controllable services should, when supply is released in the new fiscal year, be so modified that ten per cent of the total, or approximately $14,000,000, will be withheld.

It will be noted that while $14,000,000 is thus to be saved during the coming year, on top of the cuts already made, our interest on the national debt increased last year by $13,-820,000, or almost all of the saving to be made. It will be seen therefore that while we sacrifice human values, that sacrifice goes to compensate the owners of so-called wealth. In my opinion, Mr. Speaker, it is not the cost of salaries and services that is strangling the people to-day, but our ever-increasing debts and interest charges, the burden of which has been increased tremendously during the past few years by the drastic fall in the price level, thus lessening our ability to pay.

Coming to the budget itself, I should like to deal for a few minutes with some of its provisions. The minister in his budget speech referred to debts and interest. As is well known, this question is now before the banking and commerce committee, and it is to be hoped that when that committee makes its report to the house, constructive suggestions will be offered which will give a lead in dealing with this vexed question. I should like to point out, however, that the figures so far disclosed show debts so enormous that it is hopeless to think of paying them in full. The figures given for dominion, provincial and municipal governments, direct and guaranteed alone show the staggering sum of $6,539,728,053, and when one adds to this corporation obligations other than those guaranteed by government, farm and urban mortgages and private debts amounting to many more billions of dollars, and when one realizes that on top of this our ability to pay has been lessened by fifty per cent or more through

the drastic fall in price levels, one then begins to realize the tremendous burden which is dragging us down and commences to see the cause of our present predicament. The proposal to lower interest rates is a step in the right direction but the reduction should be made worth while. However it is not only on savings deposits that interest rates should be reduced, but on bank, mortgage and other forms of debts upon which rates of interest are far too high.

Next we have reference to the conversion loan. By lowering interest charges the minister believes substantial savings can be made to the public treasury. I hope so. I see no reason why Canada should not follow the lead given by Great Britain and Australia, and if necessary make the conversion compulsory. This is no time to quibble with these matters. From all accounts Australia was in a worse financial condition than Canada, but she tackled this problem in a courageous manner. The economy was not made to fall only on the civil servants, wage earners and poorer class of employees. Australian holders of public securities were asked to accept a cut of twenty-two and a half per cent in interest rates, and the interest rates on mortgages were also cut by that figure.

While I heartily agree in principle with sanctity of contracts, I cannot for the life of me see why a contract with a bondholder should be considered any more sacred than a contract to compensate returned soldiers for disabilities received while fighting in defence of our country. Had it not been for these men who were so ready and willing to offer their lives, if need be, bondholders might have found themselves with something of very little value. May I ask if a government employee holding government securities will have his salary reduced by the amount of interest he receives? If not, why not? Why distinguish between pension payments and interest payments? If I might quote a few lines from the chronicle of the Pilgrim Fathers—

> It wonderfully encourages men in their duties when they see the burden equally borne.

I will say this, however, that there are pensioners drawing one hundred per cent disability pension and holding jobs requiring one hundred per cent efficiency. I believe this should not be allowed. There can and should be adjustments in such cases, but lower paid men should not be penalized.

Next we have the proposed agricultural stabilization fund to apply to certain agricultural and fish products. May I congratulate the government upon taking this step, which is at least a partial recognition of some of the handicaps under which the farmer has laboured? But, Mr. Speaker, those steps should have been taken long ago. If it is good for certain products, why should it not be applied to all? Because if there is one thing which has been strangling the trade of Canada it has been the disparity in exchange against our goods in British and foreign countries, the currencies of which have been depreciated so much more than our own. In regard to the present proposal, however, it remains to be seen whether the producer or the exporter receives the benefit. I am disappointed that the government has not taken any steps to set up an agricultural export marketing board, about which we heard so much last year. Had this board been properly constituted, and had it been given complete jurisdiction over exports, over shipping, and so on, there is no doubt that the producer would receive full value from the stabilization fund. It is hard to estimate the number of millions of dollars our farmers have lost through the disparity in exchange, and had the farmer benefited, as he should have done, this benefit would have been reflected in an improvement in all lines of business.

The reduction in the value of the pound from $4.40 to $4.25 for duty purposes is another step in the right direction. Again, however, it does not go far enough. The whole step should have been taken last year when the conference agreements were consummated, if we were to derive any real benefit from those agreements. I wish to commend the government upon the assistance it gave to the co-operative wheat pools, and for its efforts to stabilize the price of wheat. Again may I say, however, that much more effective assistance would have been given by bringing our dollar to a parity with sterling, which action would have helped not only agriculture but every other industry in the country. How can our farmers compete against those of countries which have tied their currency to sterling? Australia and New Zealand currency have even gone lower than sterling. In the last issue of the Commercial Intelligence Journal dated March 25, and issued by the Department of Trade and Commerce I find the following at page 419:

> Not taking into consideration the acreage bonus which farmers anticipate, growers have recently been receiving from 2s. to 2s. 6d. per bushel of sixty pounds, in Australian currency, for wheat delivered at country railway stations, the disparity being the freight distance to the seaboard.

Taking the minimum price of two shillings, it would equal 48 cents per bushel net to the Australian farmer, compared to 30 cents or under for our Canadian western farmer. Some hon. members who preceded me in this debate, speaking on this question, have when making comparisons converted Australian currency into Canadian currency. But may I say that the Australian farmer does not pay his debts in Canadian currency; therefore their argument falls to the ground.

The increase in the income tax is to be commended. Coming on top of the increase of last year it is very substantial, but there is still room for further increases, especially in the higher incomes. I am pleased to note that my suggestions of last year when dealing with taxation in regard to bearer bonds have been adopted, and I am confident this should realize a substantial amount of revenue.

The two cents a pound tax on sugar is in my opinion excessive, and will place a tremendous burden on the already overtaxed householder. The poor man with the large family is the one who will be hit hardest, and our farmers in the west who are struggling to make a living, and the good housewives who try to store up some of the wild fruit to be used by the family during the long winter months, will find it more difficult.

The removal of the exempted list under the sales tax is particularly bad at this time, as it will only tend to lower the standard of living of a great mass of the people, when as a matter of fact what is needed is an increased standard of living so that the great body of people who exist on a mere living wage, or less, may be enabled to consume more of the surplus goods on hand, and thus create a demand, which would again set our factories running and relieve the unemployment burden which is weighing so heavily upon us all.

In fact, Mr. Speaker our action reminds me of the following lines in the Church of England prayer book:

> We have left undone those things which we ought to have done, and we have done those things which we ought not to have done, and there is no health in us.

Certainly there is no health in our economic life to-day.

I now come to what I consider by far the most important announcement in the budget, namely the appointment of a royal commission to study the organization and working of our entire banking and monetary system, to consider the arguments for and against a central banking institution, and to make recommendations for revising or supplementing our existing banking and monetary legislation. In my opinion, Mr. Speaker, the future happiness and prosperity of the people of this dominion, for at least some time to come, will depend largely on the outcome of this investigation, and the success or failure of this commission will depend wholly on the type of men selected. If the government appoints men of the old school, with the orthodox bankers' viewpoint they might just as well save the country the expense of such a commission. If the world is to be saved from the catastrophe which is now facing it, far-reaching changes will have to be adopted in connection with our banking and monetary policies. One of the great troubles in the past has been that the people have been kept in ignorance in regard to monetary problems and the intricacies of finance. In support of that statement I should like to quote a short passage from Norman Angell's book, The Unseen Assassins, at page 143:

> We deem it necessary to let our scholars know about the structure of the earth, its movements round the sun, facts in geography, botany, zoology, something of the stories of kings and queens, snatches of dead languages, and much else, but in all that strange medley of information not one word, from the day that he enters school to the day he leaves, about the most indispensable, the most powerful and the most frequently used of all the devices of our daily lives: the money in our pockets and in our banks, the thing about which—or about matters intimately related to it—we are all of us in some measure called upon to make vital and far-reaching decisions, decisions of public policy which affect enormously the distribution of wealth and the lives of millions. About that, we are, speaking broadly, taught nothing whatsoever. The thing which, of all things in human society, concerns us most insistently every day, almost every hour of our lives, and about which man has made some of his worst mistakes and developed his worst understandings—something which has grown into an elaborate system and around which our whole civilization rotates—is something which our popular education completely neglects.

As this quotation points out, the average citizen has been taught little or nothing about monetary matters, and in the past a tendency developed to place our financiers and bankers upon a pedestal surrounded by a veil of mystery, behind which it was considered the rankest kind of sacrilege for the average citizen to attempt to penetrate. But, Mr. Speaker, the happenings of the last few years have disillusioned many people; they have discovered that these men were far overrated and that these so called pillars of finance, upon whom they depended, after all were mere men of clay. The crisis through which we are passing, in my opinion, is purely monetary in character. Other adjustments will have to be

made, but they will all prove futile unless we tackle the root cause of the disease and find a remedy for it. I am supported in that statement by an article appearing in the financial column of the Toronto Saturday Night, a publication printed in one of the financial centres of the east. Under date of January 7 Saturday Night has this to say:

> The immediate cause of this depression (which need never have occurred) was the inadaptability of our monetary and credit systems to latter day requirements and their inability to stand the extreme strains to which they were subjected, notably by the payment of war debts in gold. Though serious unemployment is a product, this depression is a monetary and not an unemployment depression, and solution of our monetary problems will enable the cure of the unemployment evil.

The Liberal party pins its faith largely on a lowering of tariffs as a remedy. I do not ignore the strangling effect of tariffs as they exist throughout the world to-day but, Mr. Speaker, if we are effectively to lower tariffs we must first remove the root cause. Last year the London chamber of commerce appointed a committee of its members to study this question and make a report, which might form a basis for a discussion of the monetary question at the Imperial economic conference held in Ottawa last July. I think those in charge of the conference made a tremendous mistake when they ignored the report and treated this most important question so lightly; one might almost say it was conveniently shelved. If one will take the trouble to read this report and study the names of the men who composed the committee I think it will be agreed at once that they are men of the very highest standing who could not by any stretch of the imagination be accused of being imbued with communistic doctrines. I should like to quote just a few lines from this report:

> The committee, on January 5 last, issued a memorandum, for private circulation, giving its conclusions. These, however, related only to the domestic aspect of the question, and were designed to provide a currency which would rise and fall automatically with business activity, instead of in accordance with the fortuitous influx and efflux of gold.

The following resolution was adopted:

> That in the opinion of this council, monetary reform is of outstanding importance. The arrest of progressive deflation is, in their view, the condition precedent to a restoration of world prosperity, and no other measures which may be taken can prove effective substitutes.

The report goes on to say that the problems with which industry and commerce are faced are these:

> (i) To restore and expand the purchasing power of the peoples of the world, without which unemployment must remain, and defaults, national and individual, must increase.
>
> (ii) When once a fair price level has been restored, to eliminate so far as may be practicable, fluctuations in price level due to monetary causes.

I should like hon. members to listen to this next paragraph:

> (iii) To remove the causes which are inducing nations to strangle world trade by tariffs, quotas, exchange restrictions, etc.

In the final summary, speaking of British domestic matters, the report recommends:

> The Bank of England should become a central bank pure and simple. The currency should be issued against all commodities, as represented by the eligible commercial bill—i.e., a bill relating to current production and distribution, and not against one commodity, gold, which can be cornered.

Finally the report states:

> With full internal purchasing power in the participating countries, none would object to a fair exchange of commodities with other countries, since imports, visible and invisible, would equal exports, visible and invisible, to a corresponding value. (This does not, of course, mean that the exports to an individual country would necessarily equal the imports from it, or vice versa.)

And again:

> Excessive tariffs would therefore tend to disappear. Differences between nations in the volume of internal taxation would be a matter of domestic concern to each, and would not cause disequilibrium as between one nation and another.
>
> International money payments, whether in respect of interest or debts, reparations, etc., could only be received in the form of goods or services against which no corresponding export was made by the receiving country.

There are those who state that the members in this corner stand for a system of uncontrolled inflation. I want to deny that charge. What we are opposed to is any controlled or uncontrolled policy of deflation such as we have had in the past few years. When we find that the total amount of bank loans and currency in Canada is approximately $700,000,000 less to-day than it was three years ago it bears out the statement I have just made. The hon. member for Macleod (Mr. Coote) speaking a few days ago quoted Irving Fisher as saying that we want neither inflation nor deflation but that we should keep the car in the middle of the road. Perhaps I might illustrate this in a more homely way. Let us take a standard quart of milk, with which everyone is familiar. If we add sufficient water to make two quarts we all know what will be the result; we will have twice the quantity but the food value will not be any greater. This might be called inflated milk. If we start again with a standard quart of milk and put it through a

process of dehydration we also know what will be the result; finally we will have what is called powdered milk. This might be called deflated milk. If to that powdered milk is added sufficient water to fill the bottle then we will once more have the standard quart of milk with which we started. No one could say that was inflated milk; rather it might be called reflated milk. We would apply this principle to our money problem; this might be called reflation, and the object would be to restore the volume of circulating media to a normal relation to the volume of business to be done. Is there anything unsound in such a proposal? I venture to predict that a measure of inflation will be adopted at the coming world conference, most likely by depreciating the value of gold in our dollar; but it will be inflation just the same. So long, however, as those in authority feel that they must still tie our currency to some metal, if we get some measure of inflation that will give some assistance I am sure we shall all appreciate it.

Let us pause and ask ourselves just what is wrong to-day. Has nature failed us? Has man's inventive genius lessened? Has the large percentage of the human race refused to work? Is there any real lack of demand for the necessities and luxuries of life? Have our transportation systems broken down? No, Mr. Speaker, emphatically no. None of these things have failed nor are they seriously at fault, but the one thing money, using that term in its broadest sense, our medium of exchange, has ceased to function properly, to distribute the goods which we can produce so abundantly; and until the whole monetary system is made to serve mankind, instead of mankind serving money as it is doing at present, I see no hope for a permanent recovery.

Let all the money in the world disappear to-morrow and ask yourself: Would the world be any poorer, so far as the necessities of life are concerned? Money is not wealth, but only a symbol of wealth. I could quote many authorities in support of this statement, but I will not take time to-night to do so. Are we then to starve amidst the greatest plenty the world has ever known? Surely the intelligence of mankind, which through science has conquered and subdued to his commands the superhuman powers of nature, will not now perish because forsooth we cannot find sufficient gold, which is of no value so far as human needs are concerned.

Here may I quote a short passage from one of Professor Soddy's works, The Inversion of Science, at page 13:

> What solution have the statesmen to offer? Mr. Baldwin has recently remarked that it is no use our being able to make things if we cannot sell them, a true deduction from what Ruskin termed mercantile economy, but not a statesman's sentiment. Is there no one now in the state to regulate its bits of paper and metal so that people who can and do make things can buy them? The recent president of the board of education, justifying his betrayal of his trust, remarked, "The grim goddess of finance exercised, as she always must, an inexorable power." These utterances show that the ostensible government of this country is not its real government and that we are in the grip of a money power which will rivet unemployment and war upon society till its doom.

Only a few short years ago the world was gripped in a death struggle, the greatest war ever known in human history, and while those who fought thought they were fighting to end war, we find now, only fourteen years after, almost superhuman efforts being made to avert another conflict. And what is the main cause? Let me quote again from the same work of Professor Soddy, at page 15:

> Anticipating somewhat the conclusions to be arrived at, we may define here the cause of war more precisely as due to an accumulation of mutual international indebtedness without any possible method of repayment. Strong nations at once get the weaker into their debt and prefer to extort from them a permanent annual tribute of wealth by way of interest, rather than to allow them to repay the principal and go free. War cannot be abolished till that is rectified.

History records that down through the ages some form of human slavery has always existed, some form of mastership controlled. As our civilization developed, mankind revolted against this form of treatment and a determined effort has been made to free the human race from such tyranny. It may be within the memory of some men in this house when human slavery was abolished on this continent; but while the type of slavery of which we have been accustomed to think has been abolished, another form more subtle, more insidious in its character, has been fastened upon a great majority of the human family. I refer to the financial power that dominates the world. The slave of old had to be clothed, fed and sheltered and could at least sleep from bodily fatigue; but what about the millions of people to-day who, because of the burden of debt, even find it hard to sleep from worry and fear, fear of seeing their life savings disappear, in most cases through no fault of their own, fear of the spectre of want, fear of being thrown upon charity for their subsistence, the fear of thousands of our youths coming out of school, fitted and ready to make their contribution to life but denied the right to work? Let me ask, how long is this sort of thing to continue?

Just as the barons in days gone by wrung from King John that charter of liberty which we prize so highly to-day; just as our forefathers fought and conquered one obstacle after another, to lift mankind to a higher plane; just as science and research have rid the world of that dread spectre of famine and scarcity, so surely we in our day and generation will not hesitate to do our part in ridding the world of that giant octopus money power, which is spreading its tentacles in every direction and dragging the human race down to destruction. I hope and trust therefore that the government will realize the important task which lies ahead of this royal commission which is to be appointed.

Finance has developed to such an extent along with the development of the industrial machine that it has become the very lifeblood, or the air of our business and industrial life. We would not for a moment think of granting to a small group of men the right to control the air about us, which we all need in order to live, and yet we have done that very thing so far as our business and industrial life is concerned; and while this power, granted no doubt unconsciously, has grown up gradually, clothed in a veil of mystery to the average citizen, the disclosures of the past few years have broken the spell and in my opinion the time has come when the people will demand that this money monopoly must be broken and the control returned to the people to whom it rightly belongs.

Mankind has made tremendous strides in learning how to control and prevent disease, and has long since discarded the belief that pestilence and plagues are an act of God. When he develops the will to do so, man can also prevent unemployment and poverty. Man is no longer the slave but the master of nature, in so far as eliminating the fear of scarcity is concerned; and when he discards the cloak of mystery and superstition which surrounds our economic structure and assumes the control and regulation of finance in all its various phases, in the interests and general wellbeing of all, he will for the first time in history become the real master of his fate, and carry civilization to new heights of achievement in peace and security.

In regard to the Liberal amendment, Mr. Speaker, it is nothing but a sweeping condemnation of the government, without offering one constructive suggestion, something which the people are looking for at this time. I am inclined to believe that the people of the country are more interested in a change to a system that would bring some relief to their sufferings than they are in a mere change from one party to another, which would carry on along very much similar lines.

While we in this corner of the house recognize that the budget contains certain commendable features, while we recognize that under present world conditions any government in power must face tremendous difficulties and carry heavy responsibilities, yet we feel that we must register our protest against a continuation of the present disastrous policy of deflation. But in doing so we wish to offer something of a constructive character, something which we believe, if put into effect, would go a long way towards relieving the people of the tremendous burden under which they are at the present time struggling, and also restore that measure of prosperity and happiness which we are all so anxious to bring about.

I therefore beg to move, seconded by the hon. member for Winnipeg North Centre (Mr. Woodsworth), the following:

That all the words after "therefor" in the said proposed amendment be struck out, and the following substituted therefor:

"Whereas, the present depressed condition of agriculture, industry and of business generally, with its consequent unemployment, is the direct result of fundamental defects in our economic system, accentuated during recent years by the policies of deflation and of credit restriction which have been followed by different governments and financial institutions, and

"Whereas, while it is recognized that the present budget contains certain commendable features, including the proposed appointment of a royal commission to investigate banking and finance, and a measure of assistance to agriculture, it must also be recognized that it is based in principle upon a continuance of the aforesaid ruinous policies of deflation and an increased restriction of purchasing power, and

"Whereas, the continuance of these policies, accompanied as they must be by a constantly increasing burden of debt, recurring budget deficits, and a decrease of purchasing power, and therefore of consumption, must inevitably result in a condition of still greater depression, and increasing unemployment, and

"Whereas, it is imperative, in view of the foregoing facts, that such policies be inaugurated as will have the effect of restoring the price level of agriculture, and other primary products, increasing purchasing power, reducing the burden of interest bearing liabilities, encouraging consumption and raising the standard of living amongst our people;

"Therefore be it resolved, that in the opinion of this house the government should give immediate consideration to the introduction of such measures as may—

"(a) Make available the real credit of the nation through the instrumentality of a national central bank, and render possible the utilization and control of this credit for the legitimate needs of the people of this country;

"(b) Bring about such a degree of controlled inflation as would stabilize the price level of

our chief commodities at a point where it would bear a reasonable relation to costs of production and to incurred obligations;

"(c) Provide employment and purchasing power to our people, through the above mentioned means, and where necessary, by the direct use of our national credit in the construction of public works of various kinds, and in other ways which might be suggested including the construction of houses, etc.;

"(d) Ensure a more equitable distribution of the national income through well considered methods of taxation, and the legislative control of interest, profits and investment;

"(e) Nationalize our insurance systems, including the establishment of such systems of social insurance as may be necessary for the protection and well being of our people."

Mr. P. G. DAVIES (Athabaska): Mr. Speaker, it has been said that the path of popularity and the path of duty do not always coincide, and I feel sure that if the hon. Minister of Finance (Mr. Rhodes) was not fully acquainted with all the implications of that aphorism before he took over his present portfolio, he has become convinced of its truth since that time. I am sure all hon. members of this house are fully appreciative of the fact that a most difficult task was placed in the hands of the Minister of Finance, but I think hon. members, on this side at least, will acknowledge that that task has been done very well. I have not been a member of this house for any great period of time, but I have been here long enough to know that the character of its deliberations are both varied and variegated. Sometimes its deliberations are most serious; at other times they are interesting—not only because they are serious—but also because, unfortunately, they are both amusing and tragic. It is because I think that the address delivered on March 24, by the hon. member for Shelburne-Yarmouth (Mr. Ralston) comes within the four corners of these qualifications, and in particular within the confines of the latter two, that I hope to make reference to it, in some measure of detail, before I conclude.

In passing may I say that as I sat and listened to the address of the hon. member I could not help but think of the similarity which existed between him and his speech and Christopher Columbus and his voyage westward. Hon. members will recall that Christopher Columbus, after taking the blessing of the Queen of Spain—and incidentally all her money—started out on his voyage. When he started out, he did not know where he was going; when he got there, he did not know where he was, and when he came back, he did not know where he had been. So it was, it seems to me, with the speech of the hon. member for Shelburne-Yarmouth. When he started out, it was obvious, at least to all hon. members on this side of the house, that he did not know where he was going. When he got to where he did not know he was going, it was equally obvious that he did not know where he was, and when he came back home from where he did not know where he was going to, it was again obvious that he did not know where he had been.

May I refer for a moment or two to that portion of the budget in which the Minister of Finance announced the appointment of a royal commission to make a study of the financial structure of the country. I think the minister is to be particularly commended for having decided to do this, because unquestionably, as many hon. members have stated, this matter goes to the root of our present difficulties. There is one question which I hope this royal commission will study in detail, and that is the relationship between our present monetary base and unemployment. My knowledge, I must confess, is very elementary, but I am convinced that some relationship does exist between these two matters. A great many different economists have been quoted in this chamber and strangely enough, there is just one thing upon which they all agree, namely that the present depression which started with the financial collapse of 1929, is substantially nothing more nor less than a breaking down of the medium of exchange. Upon different occasions hon. members sitting to the extreme left of Your Honour have referred to the results. They have stated, not infrequently, that in the world to-day we find want in the midst of plenty. May I say to them that if hon. members on this side do not express the same opinions to the same degree it is not because they do not recognize that such conditions exist throughout the world. On the contrary, may I venture the opinion that a good many more grey hairs have been added to the heads of hon. members sitting on this side of the chamber, who perhaps have talked less about these things, than to the heads of those who have done much more talking; for we on this side of the house have had the misfortune—it is the good fortune of the country—to be charged with the responsibilities of government in these distressing times.

I should like to refer particularly to the conditions which exist in the United States, because I think that country provides an apt illustration of exactly what our difficulties are and fortifies me in my belief as to the real

difficulty. While the diagnosis may not be very difficult, unquestionably the cure is.

Hon. members who are acquainted with United States statistics will perhaps recall that the export trade of the United States—I speak from memory, but I think I am right—is approximately only ten per cent of its total production. Therefore it must be obvious to all that the greatest market for that country is its home market. The United States has practically everything it needs and it has the possibility of being the most independent country of any in the world; nature has endowed it with everything. They grow oranges in California, bananas in Florida; they have huge coal mines in Vermont and Pennsylvania; they have iron ore in tremendous quantities in Minnesota; they have oil in Oklahoma, Texas and California, and they have the great wheat fields of the plains of the middle west. It is not sufficient, therefore, for the United States, having regard to the fact that its exports are only ten per cent of its total production, to say: Well, quotas and tariffs have quenched our export trade; because, after all, the greatest market for its products is within its own boundaries. Nobody will deny that the productivity of the great republic to the south of us is ample to take care of all its needs; nobody will deny that in that population of 120,000,000 there are many more millions of wants waiting to be satisfied. It would seem therefore safe to draw the conclusion that the only reason the productivity of that country cannot be taken advantage of by those who wish to do so is that the means of exchange has broken down—she has an antediluvian system of exchange. This brings us logically to the money question.

Is there anything more pitiful than the conditions to which the breakdown in the exchange situation has brought us? Is there anything more pitiful than an honest man, with a wife and family, who wants a job, a chance to earn an honest day's living, and cannot get it? That is the problem which faces all governments throughout the world, and the present civilization has to solve it or else in the course of time nothing but anarchy can result.

I should like to pause for a moment to ask what the purpose of government is. I must confess very frankly that until I decided to say a few words in this debate, I had not stopped to consider the question of the purpose of government. But I think all hon. members will agree that the purpose of government, whether here or elsewhere, should be to create an ideal state. Many hon. members may disagree as to what that is. I have been in the house for a sufficient length of time to know that the idea of the hon. member for Weyburn (Mr. Young) of an ideal state might be one which did not have any tariffs. The idea of the hon. member for Winnipeg North Centre (Mr. Woodsworth) as to an ideal state might well be one which did not have a criminal code, or if it had to have one, it would be one in which section 98 was deleted. I do not think I would be unkind in saying that possibly the idea of the hon. member for Southeast Grey (Miss Macphail) of an ideal state would be one where "someone would do something sensible." I see the leader of the opposition (Mr. Mackenzie King) is not in his seat, but I imagine he might have an entirely different conception of an ideal state. He might think it would be one which would be a broad plain, completely flat, in order that there might be no "valley of humiliation" in it.

Mr. DUPUIS: Has the hon. member anything to say about his leader (Mr. Bennett) who is not in his seat?

Mr. DAVIES: I shall say that before I conclude. The conception of the hon. member who hails from Témiscouata (Mr. Pouliot) might well be a state in which he could speak in parliament for 100 per cent of the time instead of just for 99⅘ per cent of it as he does now.

Mr. COOTE: Where stations grow on every bush.

Mr. DAVIES: I think perhaps, economically speaking, we might all agree an ideal state conceivably might be one in which there would be more jobs than men to fill them and in which every honest day's work would bring an honest day's pay. Out of such a definition it would naturally follow that such a state would have a reasonably stable price level.

The next question I should like to consider is what hope we have of achieving an objective of that nature with our money based on gold. I frankly confess I cannot see much hope in the light of my present knowledge. May I give my reasons? In the first place, if gold is to be the basis of our currency, it necessarily follows that it determines the amount of currency that is issued, whether it be metal coins or notes, subject only to slight qualification. Unfortunately the gold production of the world is more or less static, but business is progressive. Science, invention and discovery are improving the means of production, and the needs of the people increase as new wants are created. But the production

of gold has no relation whatsoever to the goods that have to be handed over and the services that have to be rendered. This is clearly illustrated if one looks at the present situation in Canada. We have on hand approximately $78,000,000 of gold and about $175,000,000 of dominion notes outstanding. In February the deposits in our savings accounts amounted to about $1,397,000,000, and current bank loans were approximately $1,000,000,000. Theoretically those loans would cancel the deposits, but again, theoretically speaking, everybody with a savings account is entitled to draw his money out if he wants it, and if so, he is entitled to demand dominion notes. If we were on the gold standard —we are not—he would be entitled to demand gold for his dominion notes, and we therefore have this huge credit structure built up on merely $78,000,000 worth of gold, an amount which bears no relation whatsoever to the structure.

My second complaint against gold as a money basis is that no provision is made in gold for the retention of the national income when debts are being deflated. May I make myself a little clearer on this point? After all, every time a bank loan is repaid, money—purchasing power—is taken out of circulation unless at the same time as that bank loan is repaid, a new loan is taken out. That is a matter which I think we should all recognize; we can follow it through very simply. Under our present arrangement, let us suppose that the supply of the products of an industry is too great and that the demand is not there. What happens? The industry lays off men, who join the ranks of the unemployed and thus lose their purchasing power. In losing their purchasing power, they are no longer taxpayers; they even have to be kept by the state and become a charge on all other taxpayers. Their unemployment—no purchasing power—further aggravates the situation. That is what is happening now; it has happened all along; it has happened in previous depressions. It explains business cycles, because when debts have to be paid out of earnings, without a new loan being made, the process of deflation is started.

What does the policy of "easy money" mean? I look forward to such a policy. I was glad to hear the Minister of Finance say that the government was prepared to reduce the interest rate on postal savings, but while the banks have been talking for some time of reducing their interest rate on deposits, it is hardly possible they will do so unless there is cooperation throughout the country. The provinces must reduce interest rates on their deposits because it is unreasonable to expect the banks to reduce their interest rates while provinces, which are in competition in taking public funds into their savings, do not do so also. If this adjustment is not forthcoming in the not distant future and if there does not appear to be cooperation between these various bodies, I hope the Minister of Finance will take advantage of the provisions relating to "peace, order and good government" so as to bring about that cooperation. Why do we look forward to this policy of easy money? Is it only because we think we will be able to pay our debts more easily, or is it not also because it will be easier for us to go into debt? After all, every credit is a debt; is it not a fact that we are waiting for somebody to go into debt in order to get business going and thus clear away the depression?

Another objection that I have to gold is this. With gold as a basis of money, having regard to our present available supplies, it seems to me it is dependent upon a contracting and expanding body of unemployed labour for stabilizing the price level. What I mean is this: under the gold standard, if the supply of the products of industry is too great for the demand, men are laid off. It is expected then that production will diminish to some extent, and when it does catch up again, if it does, if we do not run into another cycle of deflation and depression, we expect the men to be reemployed to meet the new demands for production. I should like to spend more time in registering one or two other points in this connection, but I must pass on in order even roughly to cover the field.

It seems to me that with gold as the money base there is only one logical way of solving the problems of a depression or period of deflation, and that is by putting everybody—all the unemployed—to work in the gold mines. I cannot see any other way. I can see ways of relieving the situation, but I cannot see the solution. Let us assume for a minute that all the provinces in Canada had potential gold mines. Then the logical thing to do when a man became unemployed would be to put him to work in a gold mine, to produce the money base. The result would be that Alberta gold would be sent to the Minister of Finance and he could issue new bills against it. That would create new purchasing power, and that is the only way in which he can create it. This in turn would stimulate industry and national income would be maintained. If all the countries of the world had potential gold properties where they could put their unemployed to work the depression would be solved quickly under the gold standard; but they do

not happen to have them. Our gold mines have been of tremendous benefit to us, but it seems to me that they have not been of the benefit they might have been, because we happen to be a debtor country. What happens at the present time is: that the gold mines of Canada are being entirely supported by the taxpayers of the country. I am not objecting to this because it is what we have to do; but we are paying the gold mines for the gold they produce and then sending that gold to New York to meet our obligations. The difficulty therefore at present is that all the gold we are producing is not a basis for currency expansion in Canada. Neither is it any good to the United States because she has not used her accumulated gold reserves as a basis of monetary expansion. The work was done in Canada—this does not help the United States.

Now if we can agree that the logical way to solve this depression is to put everybody to work in the gold mines at the production of the metal base of our currency, I think we can reasonably agree, further, that that indicates a weakness in gold alone as a money base, for it is something that is too scarce; it is not plentiful enough, and is not equitably distributed.

A great many suggestions have been offered as to what might be done to patch up gold. The hon. member for East Algoma (Mr. Nicholson) told the house of the revaluation plan of Peter Robertson. Doctor Stephen Leacock has published a little book in which he puts forward a plan which amounts to the same thing. His book is entitled something to this effect: How to solve the depression in six seconds, eradicate it in six minutes, and permanently cure it in six hours. He advocates the reduction of the gold value of the dollar by twenty-five per cent.

Then there is the suggestion of an international banker or economist that gold certificates should be issued by the Bank of International Settlements, and that these gold certificates by treaty should be accepted in all the various countries as gold. They would be loaned out to countries in need of gold reserves. There is also the suggestion that silver should be remonetized. But these suggestions are all practically the same in principle. They all admit the fact that there is not a sufficient quantity of the monetary base in the world. I do not for a moment doubt but that by these various means the price level can be raised; there is no doubt that it can be. I do not doubt that through bringing about revaluation a reasonable measure of prosperity can be brought back, but so far as producing an ideal state, or a return of permanent prosperity is concerned, I must confess that I cannot see any very definite hope in that direction through such suggestions. I am afraid we will just be preparing ourselves for another business cycle.

How do my hon. friends in the southeast corner of the house view the situation? They look at it in this way: Here is a man who has been working in a boot factory and is now out of work; there are others who need boots. Here is the plant. They say: "This whole thing is a dirty mess. Let the government take it over." I think that is what socialism is. I cannot agree with my hon. friends in the southeast corner in their method by which they would get us out of the depression. They look upon the government, as one writer has called it, as an omnicompetent political chore-boy robot who can accomplish everything. I do not view the function of government in that light. If that form of state socialism was adopted—and that is what they advocate—unless the real causes are got at, would we have anything more than something in the nature of a glorious scheme of national relief?

Mr. MITCHELL: What have we now?

Mr. DAVIES: We can do that now just as well under the present system, and there is no use changing unless your system has something better to offer, and it hasn't. Then my hon. friends in the southeast corner look at the banks. They see the beautiful buildings and the nicely polished brass doors. They see the weekly bank returns showing savings deposits of approximately one and a half billion of dollars, and they say: "Let us nationalize the banks and take the whole thing over; we will fix this thing up." But is that necessary? With our banks nationalized and our bank managers and bank employees directly or indirectly civil servants, would it be easier to lend a dollar to any man than it is under existing conditions? There are only two ways to get purchasing power into the hands of the people; one way is to give it out and get something done; the other way is to hand it out and get nothing done. I firmly believe that under a socialized or nationalized banking system if money would be handed out without any reasonable expectation of its being returned—and I submit that it would not be returned under existing conditions—the final result would be that the banking system would run the state into bankruptcy much quicker than the Canadian National Railways has any possibility of doing.

It seems to me that there is another very substantial defect in what my hon. friends in that corner of the house advance, and that is that it would bring credit into the sphere

of politics. It would seem to me that that is an evil which above all we should steer clear of. If we are going to have a democracy—and they tell us that under their scheme we would have—and that democracy is going to operate the banks, how could you keep credit out of politics? What would be the consequences?

The question naturally arises, what should be done? It is much easier to see what some of the fundamental causes of our difficulties are than to suggest practical remedies. May I, however, draw the attention of the house to a book recently written in which the writer puts forward a suggestion which I have not heard put forward in this house. I am not in a position to say that the suggestion is sound, but this writer, who has been studying the question for a great many years, advocates public improvements as a money base. He says that it would solve the depression and ensure permanent employment by making public improvements the money standard. He would at all times put the unemployed to work on public improvements. He selects public improvements because there is no limit to the public improvements which a nation will want as time advances—roads, bridges, sanitation schemes, cleaning up the slums, and so forth—all of which would raise our standard of living. He would pay for these public improvements with a newly issued money, just as if we had half a billion dollars' worth of gold produced in this country which we did not have to send abroad to pay our debts, and the Minister of Finance would issue new currency when that was delivered to him. He would retire by taxation the currency thus issued at the rate of depreciation. This writer points out that under this scheme unemployment would be done away with. Let us suppose that through technological improvements in industry men would be thrown out of employment; his plan would be to put them to work on public improvements—put them into the production of the money base, just as if we could put men to work in our gold mines to-day of which we have not sufficient, despite the fact that we are the world's second largest gold producer. In this manner he submits that the purchasing power of the people, in other words the national income, would be retained while debts were being deflated, which unfortunately is not the case at the present time. If one were to compare such a money standard with the gold standard, one might make the comparison first on the basis of redeemability. Well, it must be obvious that such a currency would not be redeemable. If the Minister of Finance was presented with a dominion note he could not walk over to the east block, pick off a couple of huge stones and say, "Here is your portion of the public funds." Obviously such a currency would not be redeemable. But, on the other hand is gold redeemable? Gold is only redeemable, it seems to me, so long as you do not ask for it to be redeemed. The essence of its redeemability is that you do not ask for it. We have seen what happened in the United States, and throughout the world. Once you ask that it be redeemed, you cannot get it.

Then, as to its utility: It would seem desirable, I suppose, that our money should be based upon something which would have some utility—which gold has not. He compares it with gold in this way, by saying, "We mine gold, and put it away in the vault. I doubt if it creates much happiness or raises our standard of living." On the other hand he continues: "With public works as a money standard; as you continually launch your public works program the standard of living of the people would be raised, because they would have utility."

There is one other item I should like to refer to in this connection. I said I hoped that the commission would study the relation between unemployment and money, and our money base in particular. That brings me to express this view: We have been told that the big thing behind our money, that which is of most importance, is "confidence." We have been told, furthermore, that "confidence" is largely dependent upon our ability to meet our foreign debts in the terms of our contract. If that is so, if that is what "confidence" is dependent upon, may we not make further inquiry and see upon what does our ability to meet our foreign debts depend. It seems to me there are only two ways in which foreign debts can be met, one is by the shipment of gold, and the other by the creation of credits in a foreign or creditor country, which is done by the shipment of goods and the performance of services. Otherwise, the only way left open to us to meet foreign debts is to borrow in a creditor country. If this is so it naturally follows that every time one joins the ranks of the unemployed, there is one less working to help establish these foreign credits.

It was the hon. member for North Waterloo (Mr. Euler) who said he did not understand why, when we issued $68,000,000 of dominion notes during war time and had no gold behind them, it was possible that since that time our currency was at a premium over United States funds. May I say to the hon. member that

if he would consult the records of that time he would find that when our funds were at a premium in New York there were tremendous loans—gold credits—being floated in our favour, which created demands for funds to be payable in Canada, and that this put our money at a premium. It is true in point of fact that we pay our debts by buying foreign exchange, and that brings us to the point to consider on what that premium depends. I have always understood, myself, that the question of the rate of foreign exchange, outside of the speculative element, was entirely dependent upon supply and demand. That is, if there were more people in Canada who wanted to exchange Canadian dollars into American dollars than there were people in the United States who wanted to exchange American dollars for Canadian dollars, that in itself puts our money at a discount. If that is so, it seems to me that, outside of the speculative element, it must necessarily follow that provided we can ship enough gold and create enough foreign credits to meet the external demands on Canada, then, outside of the speculative element, our currency should be at par.

This brings me to the point where I feel I should emphasize the necessity of a favourable trade balance for a debtor country. Hon. members in the official opposition frequently laugh at the Prime Minister (Mr. Bennett) when he has pointed out that Canada has a favourable trade balance. May I point out to this chamber that the $70,000,000 trade balance announced by the Minister of Finance was of more value to Canada in 1932 than the total value of the product of our gold mines. Frequent reference has been made to Australia. Those who are intimately acquainted with the Australian situation must know that one of the sole reasons for the depreciation of Australian currency was to create a favourable trade balance. In 1929-1930 she had an unfavourable trade balance of approximately £33,000,000 sterling, and she could not meet heavy external obligations falling due in the United Kingdom. In two years' time she turned this unfavourable balance into a favourable trade balance of £30,000,000 sterling.

It is to the credit of this government that they have succeeded in converting what under the former administration was an unfavourable trade balance of $180,000,000 to a favourable trade balance of $70,000,000. These observations exclude insurance remittances, tourist balances, et cetera. I put it to hon. members opposite in this way: I hope some hon. member will answer the question: How long can a debtor country keep solvent with a continuous adverse trade balance? I believe the only answer to this question is: Just so long as they are lucky enough to be able to float foreign loans to meet the deficiency. To-day the hon. member for West Edmonton referred to Australia, and talked about Australia as if that country were Canada. May I point out to the hon. member, although he is not in his seat, that from the point of view of where we pay our debts—the United States—we are to-day paying our debts at an adverse exchange rate of twenty per cent, and Australia, which is approximately forty per cent below us, is only paying her debts, where she has to pay them, namely in Great Britain, under an adverse premium of five per cent more. If we put our currency down to where Australian currency is, Canada would then be paying her debts under an adverse exchange rate of sixty per cent, instead of only twenty per cent as it is now, and twenty-five per cent as it is for Australia.

I believe it was the hon. member for Macleod (Mr. Coote) who said he did not hold out much hope for international conferences. I must confess frankly that if we cannot have hope for international conferences to be productive of good we cannot hope to get anywhere in world progress. International conferences are the only hope towards bringing about the pacification of nationalistic sentiments and differences throughout the world. In expressing his views here he disagrees with his colleagues in Alberta. In this connection may I read a paragraph from the speech from the throne put into the mouth of the lieutenant-governor of Alberta by the Cooperative Commonwealth government in Alberta, and read by him on February 2, in the Alberta house. The paragraph in part, is as follows:

> Although hopes of a speedy return of prosperity have hitherto proven illusory, there are many signs of growing realization of the gravity of the world crisis and the necessity of international action to meet it. The approaching world economic conference may therefore well prove to be a definite turning point that will make the beginnings of national and international adjustments in the field of trade and finance which may be the beginning of a brighter day. In the meantime, the task which confronts my ministers and to which your deliberations will be turned at this session is to deal with the affairs of the province so that no ill considered action of to-day shall jeopardize the welfare of the future.

It seems to me the only difference between the point of view of those who represent the Cooperative Commonwealth Federation in the federal house and those who represent that body in the province of Alberta in government is just the difference between having the responsibility of office and not having it. That is all.

May I say in conclusion to the Minister of Finance that in my own mind I have little doubt that his present policy is predicated entirely upon a successful world economic conference. And while I too have every reason to hope for a successful conference, if by any chance, unfortunately, it should not be successful, may we then hope that he will not hestiate in any way to reorientate his views so as to put us back where we may deal with the situation as it exists in Canada only, and from the point of view of what is best for Canadian producers and consumers, particularly in respect to price level. I may add that I have little doubt in my own mind but what the hon. minister will be fully equal to the occasion, should it arise.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, it is a happy circumstance that in this house, where there is such a great difference of opinion on almost every subject that is brought up for discussion, there should be one thing on which we are unanimous; that is, the manner in which the budget speech was presented to the house. So I should like to add my congratulations to those already expressed.

Before dealing with the budget itself I should like to offer some criticisms with regard to some of the speeches that have been made, and to point out the fallacies contained in some of the arguments that have been advanced. While in the main I disagree with the remarks of the Minister of Trade and Commerce (Mr. Stevens) there was one remark which he made in opening that I think will be received throughout the country with the same measure of approval that was shown in this house—at least this will be so if the future works of the government give evidence of the new faith that is in them. The Minister of Trade and Commerce said:

> As we look back over the past year and, indeed, over the past three or four years, many of us are willing to admit that we are much wiser to-day than we were three or four years ago. Many proposals made with great confidence that some suggestion, if accepted, would cure all the ills from which we were suffering, we now realize were mistaken ideas.

That expression was received with a great deal of applause from this side of the house, and my hon. friend added:

> My hon. friends opposite seem to think the monopoly of that rests with this side of the house, but I have very definitely in mind innumerable weird suggestions that have come from the other side.

Just at this point let me say to the minister that the policies which have been advocated from this side of the house are not on trial; the policies advocated by the government during the past two or three years are on trial. Those are the policies that have been weighed in the balance and found wanting. Let us hope, however, that the minister's statement means that the government have recognized that the proposals they made, which were to bring about the salvation of the country, have been found not to have accomplished the end hoped for. Let us hope that his statement means a repudiation of the doctrine of Canada first, as defined by the Prime Minister (Mr. Bennett); let us hope that it means the repudiation of such doctrines as shutting out the foreigner and making the foreigner pay tribute to the empire, or that red-blooded doctrine enunciated by the Minister of Railways and Canals (Mr. Manion). Let us hope also that it means an end to that long series of letters which, following the election of 1930, the Minister of Trade and Commerce addressed to the people of Canada, and which were published in all newspapers throughout the dominion at public expense.

I wish I had time to read extensively from this document, which is one of the first if not the first of the letters issued. It is headed and addressed as follows:

> Department of Trade and Commerce
> Ottawa, Canada
>
> To my fellow citizens, in every part of the Dominion:

I should like to quote a few sentences from this letter:

> Every year for the past few years Canada has been importing $800,000,000 worth of merchandise that she might just as well have been producing from her own mines, on her own farms or in her own factories. Some things, of course, like raw cotton and raw rubber, she must import. But making due allowance for such items, the fact remains that $800,000,000 of her annual imports have been of a class or kind that she was quite capable of producing for herself.

Then in the next paragraph he goes on to argue that if proper policies were pursued employment would be given directly to 147,527 workers in Canada. It was in order that effect might be given to this policy that during the session of 1930 the government undertook to raise tariffs immediately. A little later another letter appeared, headed with these words: "Remember the Golden Rule."

I think the minister and the country will have to recognize that the golden rule has a very much wider application than has been given it by those who advocated the Canada first, the shut out the foreigner and the make the foreigner pay tribute policies. Finally let us hope that the statement of the minister

means the repudiation of that famous creed which was presented to us in such an attractive form. Therein lies its danger. Ever since the woman looked upon the forbidden fruit and saw that it was pleasant to the eye, evil has been most insidious when presented in a form that was not outwardly repulsive. Sometimes it has worn the garb of innocence; indeed sometimes it was seemingly good. We recognize this in our English speech; we refer to the wolf in sheep's clothing; we speak of Satan arrayed as an angel of light. So this creed, containing as it does many beautiful expressions, nevertheless contains the germ of that disease which has been afflicting the world, that extreme nationalism which has brought our modern civilization to the very brink of the precipice.

This is not the only confession of past error we have had since the opening of this session; we had another from the Prime Minister. When the hon. member for Antigonish-Guysborough (Mr. Duff) moved his resolution advocating reciprocity with the United States we were completely astonished to hear the Prime Minister raise his voice in favour of that suggestion. There is no question of what his attitude has been in the past, but when he changes his faith I think he should take his supporters into his confidence so they will not make contrary statements. For example, it would have been well if the right hon. gentleman had taken the hon. member for Brandon (Mr. Beaubien) into his confidence before that hon. gentleman issued this long letter to his constituents, in which he said:

Canada may as well make up her mind that she cannot hope for anything like dependable trade arrangements with the United States. That country, whether it is a Republican or a Democratic administration, and no matter what the political complexion of congress, doesn't propose to buy anything from Canada that it can help; and any arrangements that it can make with Canada of a contrary nature will be a temporary arrangement, subject to withdrawal at congressional caprice.

That is just one paragraph from this letter; it is not at all in agreement with the statement made in this house by the Prime Minister, in the course of which he said that he now favours a reciprocity with the United States. There is no question that in the past the Prime Minister did commit himself to the policy of no trade with the United States except when we could not deal within our own country. Evidently the right hon. gentleman has seen the error of his ways; he has seen the complete breakdown of that policy of extreme nationalism which has been the curse of modern times. It would be more honest if he would candidly admit his error and not try to give the country the impression that it was not the principle of reciprocity that he opposed but the form in which it was presented to the people. That is what he tried to tell us in the house when the matter was before us a few weeks ago. Oh no; he did not seem to be opposed to reciprocity, but he did not like the idea of a loose agreement that could be cancelled in a very short time.

I know it is not permissible for me to quote from a former debate in the same session, but we all remember that speech and we remember the reason he gave for his having opposed reciprocity back in 1911. But that was not the attitude taken by the Conservative party at that time. They opposed reciprocity because they thought they saw in that agreement our entire separation from the British Empire. One of the chief Conservative leaders at that time was the late Sir George Foster, and I want to read the closing words of his speech, delivered in the House of Commons on February 14, 1911, so that the house may see the reasons he gave for opposing the reciprocity pact, and also just to what extent his reasons agreed with what the Prime Minister told us a few days ago. Let me quote:

This proposal cuts square across that national ideal, challenges it at every point, will endanger it undoubtedly, may destroy it entirely. Should we not think before we enter into it? Ninety-three millions to the south of us mean it in the way of absorption and hegemony and mean it in no other way, hence these gifts. This proposal cuts our country into sections and at every section bleeds the life blood from it. The well-filled arteries of interprovincial trade will be drained until the whole system grows anaemic and flabby. Do not treat it lightly. The sustained pressure of ninety-three millions to eight millions, the far-reaching effect of business affiliation, the close proximity and constant efflux and influx, the seductions of commercialism, the constant intercourse of business, social and official life, will inevitably weaken the ties of empire and wean the thoughts of our newer generations, if not of ourselves, towards the predominant power, and create new attachments, until like Samson we would arise and would shake ourselves and find that our strength is gone.

I utter the most solemn words I have ever uttered in my life, and I believe them to the very bottom of my heart, that there is danger, and deep danger ahead. This path entered upon leads us away from home to a strange country. I pray, sir, that the full meaning of this first step may sink into the hearts of members of parliament and into the hearts of the people of this country until there shall burst forth a protest of such strength that the steps contemplated will be recalled to the old paths, leading east and west, in and out amongst our own people, converging on the great metropolis of the mother land, and which we may follow without uncertainty and without menace to our national existence.

Mr. CANTLEY: Good stuff.

Mr. BROWN: Good stuff perhaps, but very different from what the Prime Minister gave us the other day. Well, the campaign was fought out along those lines. I remember the Manitoba campaign organized by the present member for Winnipeg South (Mr. Rogers), who then had the reputation of being one of the greatest election winners in Canada. At any rate, the campaign was organized by that hon. gentleman, and he brought with him Mr., afterwards Sir Robert Borden and another gentleman who afterwards became a cabinet minister, to the town of Morden in my constituency. I travelled from my own town to hear them, and I remember the dire picture they painted of what would happen to Canada if we entered into that arrangement. I remember hearing of the 90,000,000 head of cattle that would come from the United States and graze in our pastures, and of the disastrous consequences that would follow if we yielded to the solicitations that were being put forward. I remember the Conservative candidate at that time, a gentleman who now sits in the other house, telling us after it was over, "We saved Canada". That was the way the campaign was fought and it ended, as other campaigns have ended, by the people responding to the absurd pleas that were made to them. It was another instance in which, in our judgment, democracy showed its weakness by counting the number of heads instead of taking the quality into consideration.

The house met in November and the right hon. the Prime Minister, then a man occupying a high position in the country, was given the honour of moving the address. Here is what he said, and we can see what resemblance it bears to what he said the other day:

> To many of us, it seems but fitting that a member of the royal family should open a new parliament, with a new government with a clear mandate from the people on a great issue, indicating in no uncertain terms a settled conviction that the Canadian people would consider no trade proposals that menaced, even remotely, their fiscal and national independence, or threatened to lessen the strength of the ties that bind them to the British Empire,—

We remember what we heard a session or two ago about cutting the painter that binds us to those islands across the sea.

> —or rendered for a moment more difficult the realization of the hope that lives in all of us for the commercial and organic union of that empire.
>
> Mr. Speaker, the risk was real and the danger imminent. I doubt not that when the proposals to which I have referred were first introduced, they were regarded merely as trade proposals; but when it was ascertained that in their ultimate results they involved the whole future of Canada, then it was that the national spirit of our people was aroused. I venture to think that the right hon. gentleman who so successfully leads the opposition in this house would not have introduced those proposals if he could have foreseen that there would have arisen around them an agitation, the results of which were so vital to the imperial and national future of the country.

I shall stop there, for I am afraid that if I continue reading from it I may not have time to say all I want to. But that extract shows sufficiently that the opposition of the present Prime Minister to reciprocity in 1911 was not on the ground that the agreement was loose, as he now says; rather, the reason was as indicated in the quotation I have just given.

When I heard the confession of the Minister of Trade and Commerce (Mr. Stevens) that the government's policies had now proved inadequate, I was reminded of another confession I once heard him make, and I was still more reminded of it as he proceeded with his speech. He once admitted in a burst of candor that when his case was weak he was unusually vigorous in presenting it; in other words, he made up in vigour what he lacked in logic. There were a number of illustrations of that truth in the speech to which we listened the other day. For instance, when he turned his guns against the hon. member for Shelburne-Yarmouth (Mr. Ralston) with regard to stabilization. He tried to prove that the hon. member was inconsistent because in the first place he had condemned the principle involved and then later, as the minister tried to make out, the hon. gentleman had urged the application of the same principle to all exports. But someone on this side pointed out that the minister was forgetting that little word "if"—if it was sound. The minister saw he had made a mistake and it was rather amusing to see him floundering about for a while. It reminded me of the only other time I have ever seen the minister completely floored, the time he undertook to defend the hon. member for East Simcoe (Mr. Thompson) when the Vigilant matter was before the house. That was one of those cases where he could not even be vigorous when his argument was bad. After a while he got started again and soon found his feet, but it was not long before he again fell into the same error. He taunted us with opposing everything in the budget. He said we were opposed to the reductions in the tariff and to the reducing of the valuation for dumping duties from $4.40 to $4.25. He said we had nothing good to say for it. He adopted these same tactics last fall when we were discussing the question of trade through

Canadian ports. At that time he said that we were opposed to Nelson, to Churchill, to Saint John, to Halifax and to Vancouver. This was the accusation levelled at us when we ventured to say that we wanted the American ports kept open as competing routes. No one knows better than he that that is not a fair argument to use. When he voted against the budgets presented by the former government, did that mean that he was opposed to everything that they contained? He knows perfectly well that that is an entirely wrong interpretation to place upon the actions of any group. Of course there are some things in the budget of which we approve. We approve of the reductions in the tariff, in so far as they are reductions. We certainly approve of the placing of repair parts for farm implements upon the items in the lower range of the tariff. Why should we not approve of that when the matter was brought to the attention of the house by hon. members on this side?

Some hon. MEMBERS: No.

Mr. BROWN: Does he think we are going to go back on our own work? No, that would be too absurd.

There was another matter in connection with which he used that kind of language which he alone knows how to use. Referring to the hon. member of Shelburne-Yarmouth he said:

> And he used this old hackneyed phrase; the taxation proposed, he said, will fall upon those least able to bear it.

He then went on to tell us that the taxes paid by the banks for the years 1922 to 1930 averaged $1,240,000 while the average for the years 1931 to 1933 was $1,390,000. I am not at all impressed by the fact that the taxation of the banks has been increased by ten per cent when I recall that every bank statement issued last fall showed tremendous profits and the payment of large dividends. The two cents per pound tax on sugar is an infinitely greater burden upon the ordinary householder than the tax paid by the banks. I wonder if the house has got a true picture of just what this tax on sugar means? It is estimated that about 50,000,000 bushels of wheat are consumed each year by the Canadian people. At fifty cents per bushel this would be valued at $25,000,000 which is only $5,000,000 more than the government expects to get from the tax upon sugar. Think of it, the tax upon sugar amounting to almost the total value of the wheat consumed in one year by the Canadian people.

The minister then referred to the decrease in revenue, and objected again to the criticism of the hon. member for Shelburne-Yarmouth. Is the house surprised at the fact that there has been a decrease in the revenues received from customs tariffs? It is only what could be expected. The minister gave us to understand that the whole trouble was the decrease in the volume of goods. Undoubtedly that is a factor, but it is not the only factor. This was recognized a year ago by the Minister of Finance when making a statement in explanation of the reduction in customs revenue which had taken place up to that time. He admitted that one factor in the reduction was the policy of the government in encouraging Canadian production. That is just as true to-day as it was a year ago; it has had the same effect upon the revenue this year as it had a year ago, but the Minister of Finance made no mention of this factor when delivering his budget this year. A year ago we pointed out that the new excise tax of three per cent would not bring in additional revenue from the customs. It was called an excise tax but in reality it was a customs tariff. We pointed out that while the tax might bring in some revenue from those goods that were coming in free or under the lower rates, the effect upon other goods would be to place them in the non-revenue producing class. That was the inevitable effect of the tariff, and our argument has been proved valid.

The claim has been made that the tariff rates were lower under the Conservatives than under the Liberals. In answering this argument I shall include with the Minister of Trade and Commerce, the hon. member for Souris (Mr. Willis). I wish hon. members on the other side would come to some agreement among themselves as to whether the tariff has been raised or lowered or as to what extent it has been changed. Speaking this afternoon, the hon. member for West Edmonton (Mr. Stewart) referred to the tremendous increases which had been made in the tariffs. This statement was received with great applause from the other side. How can that action be reconciled with the statements of the hon. member for Souris and the Minister of Trade and Commerce? The hon. member for Souris said:

> That is somewhat important in my opinion in view of the way in which elections are conducted in western Canada. We were told in the west in 1930 that we must vote for the low tariff policy. Had the people done so at that time, they would all have voted Conservative, but they did not. As usual, Mr. Barnum was right; the people like to be fooled.

Yes, and they were fooled badly in 1930. Such statements remind me of the story of the policeman who arrested a man for speeding. When charged with speeding the man said,

"I was not speeding, I was not going thirty miles an hour, I was not going twenty miles an hour, I was not going ten miles an hour". "Hold on," the policeman said, "the first thing you know I will have to charge you with backing up." The hon. member for Souris has fallen into the same error into which that famous statesman Milton N. Campbell, now on the tariff board, fell when he made a computation of tariffs.

Mr. DUFF: He fell into a good job.

Mr. BROWN: In computing the rates of tariff, the hon. member for Souris fell into the same error as did Mr. Campbell. In fact, one would almost think he had taken his figures from Mr. Campbell's statement. The hon. member included the year 1922 in making his list of Liberal tariffs. He knows, or at least he should know, that the fiscal year ends on March 31.

Mr. WILLIS: What difference does that make in the results?

Mr. BROWN: I have not figured it out. The Conservative policies were in effect up until the end of May, 1922. I shall indicate the difference in the results a little later on. I should like to point out to the house the fallacy of all arguments based on average percentages. Mr. Campbell said that at that time the only index as to tariff trend was the average duty collected. That seems to be the opinion of the Minister of Trade and Commerce and of the hon. member for Souris. Nothing could be more fallacious than that. So many factors enter into the problem that it is practically impossible to arrive at an accurate conclusion. If it were true that the duties had been increased by only such an infinitesimal amount as that indicated by the hon. member, what becomes of the pledge of the Prime Minister (Mr. Bennett) to make tariffs fight for us?

Mr. WILLIS: So he has done.

Mr. BROWN: What becomes of the argument that was used again and again during preceding parliaments that Canada alone among the nations was reducing tariffs? That was the argument we heard again and again. If it was true, then this other statement cannot be true.

Mr. WILLIS: That is how we got the imperial conference agreements.

Mr. BROWN: I shall have something more to say later about the conference agreements, and I shall point out another fallacy of the hon. member. As I say, so many factors enter into the problem that it is almost impossible to arrive at an accurate conclusion. The first, for instance, is specific duties. Let me give an illustration. These figures go back to 1927. Cast iron pipe was for years brought into Canada at rates of duty of $6, $7 and $8 a ton under the various tariffs. In 1918 the price was $66 a ton, but in 1927 it was only $47 a ton. Naturally, calculated on an ad valorem basis, the tariff had risen, but there was no difference in the amount of duty collected, which still continued at $6, $7 and $8 a ton respectively. On an ad valorem basis it might have been contended that in the first case the duty was 11·7 per cent and in the latter, 14·7 per cent. Yet those figures do not give us a proper picture. There are on our tariff list a large number of items of that class and these prices fluctuate from time to time, so that it is impossible to form an accurate conclusion.

Further, in the years quoted by the hon. member for Souris there appeared in 1917 and 1918 when we were exporting large quantities of war material to Europe, and the raw material for those commodities was imported in large quantities at a low rate of duty. This naturally affects the average. It will be noted in the figures given by the hon. member for Souris for those years, the average was down to about 12 per cent. That of course affects the whole computation.

Mr. WILLIS: The average was over 20 per cent.

Mr. BROWN: But for the two years. The hon. member will note that, according to the figures he gave the duty on all imports was 12·1 in 1918 and 12·3 in 1919.

Mr. WILLIS: It was 21·5 per cent.

Mr. BROWN: Why can the hon. member not be fair? I have his own figures before me: average rate of duty on dutiable imports, 21·5, and average rate of duty on all imports, 12·1 in 1918 and 12·3 in 1919.

Another factor that affects the question is prohibitive tariffs. I have already referred to the fact that prohibitive tariffs shut out goods, and consequently when one comes to compute average rates of duty, this whole class of goods that has been shut out under prohibitive tariffs is not taken into account in the computation.

Another factor is that of luxuries. In hard times luxury goods are perhaps the first class to be dispensed with. These goods carry high tariffs. Let me give an illustration: In 1918, for various causes the importation of liquor had been cut down and it was then only $4,350,000 worth from Great Britain.

This was given at the time in answer to Mr. Campbell's argument that the British preference was not as great under Liberal rule as it was under Conservative rule, but by 1927 that importation had reached $40,314,000, and that commodity bore a high rate of duty. Necessarily that would have its effect when one comes to compute averages. The same condition holds to-day and is responsible in some degree for the present situation. For instance, the importation of distilled liquors in 1929 amounted to 2,604,769 gallons and by 1932 this had dropped to 1,426,214 gallons.

Mr. STEVENS: I excluded liquors from my computation.

Mr. BROWN: I remember that, but I am pointing out that this must be observed as a general principle when we are discussing tariff averages. The importation of all beverages amounted to $48,844,111 in 1925 and $25,929,880 in 1932. Therefore the same arguments may be made now as could have been made in the years from 1921 to 1927.

The matters with which western members will have to deal are not tariff averages, but the tariffs imposed by the present government on agricultural implements, the tariff imposed on barbed wire, the tariff of 25 per cent on cream separators, while liquor is being imported at a reduction of $2 a gallon in the duty. I wonder whether the Minister of Trade and Commerce would hold that this will increase or decrease the consumption of liquor in British Columbia, or, for that matter, in any part of Canada. These are the points hon. gentlemen opposite will have to explain, and they will not be allowed in the country to get away with the same fallacies that they have tried to put over on hon. members.

As regards the wheat preference, we have the hon. member for Souris saying, as reported on page 3592 of Hansard:

> Fifthly, I should refer to the fact that under the Imperial conference agreements we receive a six cents a bushel preference on our wheat, due to the imposition of a duty of six cents a bushel on wheat entering Great Britain from other countries. Of course, we have to sell our wheat at the world price. The benefit of this preference was brought vividly to my attention when I happened not very long ago to be in Fort William, where I saw beside an elevator the grain vessel, Le Moyne, with a capacity of 600,000 bushels of grain. If that grain vessel had been from Russia, before it could have been unloaded in Great Britain it would have had to pay a duty of $36,000, but if it were loaded with grain from Canada it would have to pay nothing at all.

[Mr. Brown.]

Unfortunately for his argument, the grain would not under the circumstances go to Great Britain; it would go to another market which helped fix the world price. That is the situation. Once admit that we are selling our wheat at world market prices and the argument falls absolutely to the ground.

In conclusion, I shall vote against the amendment to the amendment, first because it proposes to nullify the amendment, which deals with fundamental facts in our economic life; and secondly because it makes no reference at all to the fiscal policies of this government which in large measure I believe are responsible for the depression. I shall also vote against the budget, not because it does not contain some things that we approve, but because there is nothing in it that indicates any radical change in government policy, even although the Minister of Trade and Commerce indicated in the first part of his speech that he recognized the error of their ways.

Mr. V. C. PORTEOUS (North Grey): Mr. Speaker, this is my first voluntary attempt to take up the time of this house. On the occasion of my last speech in this house I was associated with the late member for Restigouche-Madawaska, and I shall always entertain fond memories of the late Max Cormier.

The task of the Minister of Finance (Mr. Rhodes) on an occasion of this kind is no easy one, and I am sure that he is to be complimented for the able manner in which he discharged that task.

Following the hon. member for Lisgar (Mr. Brown) in this debate, and hearing him talk about sincerity and denials and backings up, I could not help wondering as I looked over his records if he was himself sincere, and whether he, like Peter of old, has not sometimes denied his leader; because I understand that in the last general election he ran as a straight Progressive and denied any association with the Liberal party.

Mr. BROWN: That is not true, Mr. Speaker. It is a complete misstatement of fact.

Mr. WILLIS: What about 1926 then?

Mr. BROWN: I want that statement withdrawn, Mr. Speaker. I was elected at a joint convention of Liberals and Progressives, and I announced that I supported the Mackenzie King policy.

Mr. PORTEOUS: I made no statement; I said I understood that the hon. gentleman ran as a straight Progressive in the last election, and he is reported in the Parliamentary Guide as having done so.

Mr. ROWE: Take it out of the Guide.

Mr. PORTEOUS: Shortly after coming to this house I listened to the right hon. leader of the opposition (Mr. Mackenzie King) giving an analysis of the 1930 election figures, and I wish to quote from his speech on that occasion as reported in Hansard:

> May I say at once that the victory which my hon. friends have achieved is much more apparent than real. They sit opposite in numbers considerably greater than those who are sitting on this side of the house. Nevertheless when the vote is analysed, when we look into the figures of the official returns of the votes cast on July 28, it will be seen that the number of those who voted for hon. members sitting on this side of the house was considerably in excess of the number who voted for hon. gentlemen opposite.

He goes on to say that the total vote cast on July 28, according to the official figures, was 3,898,995, that of this vote the Conservative party received 1,909,955 votes, and that the total vote opposed to the government was 1,989,040. I want to point out, Mr. Speaker, that that is a very unfair analysis of the vote at that time because, as a matter of fact every Liberal candidate in that election was a government candidate, and every candidate who opposed a Liberal candidate was opposed to the then government. A true analysis of the vote in 1930, gives a total vote of 3,898,-995, of which the Liberal party received 1,714,-860, and there was opposed to the government 2,184,135 votes.

Further, on looking over the votes in the last four elections I find that there was opposed to the Liberal party in every one of those four cases a majority of the votes polled. At no time, in other words, did the right hon. gentleman now leading the opposition have the confidence of the people of Canada, as expressed by a majority vote, to assume the portfolio of Prime Minister and to lead the government. In 1921, the Liberal party had 117 members in this house; in 1925, 101; in 1926, 116; and in 1930, 88. I go further and say that the Liberal party has never received a majority vote in any general election in this country since 1908.

There has been much talk among the members of the opposition with regard to trade expansion and trade relations. Looking over the trade returns of Canada during the periods of Liberal regime I find that our imports increased from a total of $747,804,000 in 1922, to $1,248,273,000 in 1930. Our exports in 1926, amounted to $1,328,700,000 and they had decreased to $1,144,938,000 in 1930. So during the regime of the Liberal government there was a general decrease in the trade of Canada. During the ten years from 1920 to 1930, we had an unfavourable trade balance with the United States of $2,120,142,484, and in that same period our gross debt, dominion, provincial and municipal, increased by $3,872,136,-780. Hon. gentlemen opposite speak slightingly of a favourable trade balance, but I ask you, Mr. Speaker, if a man buys more than he sells and continues to do so until his credit is exhausted, what happens? Everybody knows, and it is the same with a nation as with the individual. We canot keep on having unfavourable trade balances and remain solvent, and therefore I say that the hon. Minister of Finance is to be complimented on the showing he made in his budget speech, that during the first eleven months of the fiscal year we had a favourable trade balance of $70,000,000.

With regard to trade and taxation I have before me figures showing the taxes collected from duties between the years 1922 and 1930, and I learn that the Liberal party collected from the people of Canada ever increasing amounts of duty, beginning with $71,864,000 in 1922 and reaching $122,122,000 in 1930. The hon. member for Shelburne-Yarmouth has said the only way to balance the budget is to cut down expenditures. I challenge his sincerity in this statement, because of the fact that any demands made by this government to cut down expenditures have been opposed by hon. members opposite. It is all very well to talk about cutting down expenditures in a wholesale way, but when the items come before the house and are vigorously opposed we have evidence of the insincerity of such suggestions. The total expenditures of the dominion today, because of expenditures for unemployment relief, old age pensions and other things, have greatly increased. Yet hon. members in the far corner of the house come to us at this time with a new movement known as the Cooperative Commonwealth Federation, having for its purpose the socialization of our whole system.

The people's ability to pay will at some time reach its limit. It is not possible for one half of the people of Canada to keep the other half; therefore we must work towards economy. The amendment to the amendment has been based upon the inflation of currency. From time to time Australia has been set up

as a good example of an inflated currency policy. May I quote from the remarks of Mr. Bruce on monetary standards as they appear in the report of the 1932 Imperial economic conference, as follows:

With this growing trade, no one will welcome stable exchanges more than we will if they come with higher prices. But any attempt to restore stable exchanges without a tolerable level of prices would be a mockery. A true international standard must give us stability of prices both in place and in time. By that I mean that we need currencies stable in their relations all round the world. We need, even more sorely, money that will enable a debt contracted in one year to be repaid by a comparable service when it falls due in another. If out of the present universal distress we can learn something of the art of reconciling these two stabilities we may yet extract from adversity a lesson of unrivalled value. Perhaps that reconciliation is not so difficult. Even now, the way to it may be clearing.

In conclusion I recognize that anything that Australia or any other dominion can do in relation to this great problem is relatively unimportant. The influence of action by Great Britain however, cannot be exaggerated. We trust that Great Britain will make a definite declaration of her policy and give us and to the whole world the lead which she alone can give.

The matter of inflation of currency has been ably dealt with by the hon. member for Athabaska (Mr. Davies). There is one thing certain, however, that if we as a nation wish to deal with other nations we must have an international basis of exchange. We are a self-governing nation, and therefore the parity of our currency cannot always be established because of the fact that it depends on our ability to pay. If we spend extravagantly as a nation, and our ability to pay becomes hampered, then we must of necessity suffer an adverse balance of exchange. The amusing part of it is that those who have stood up in the house from year to year and talked against tariffs now stand up and introduce an amendment to the amendment for the inflation of our currency in order that they may give us an advantage in other markets and put to a disadvantage those other nations dealing with us.

I now come to the stabilization fund as set up in the budget. The farmers of Canada recognize the fact that when Great Britain departed from the gold standard and thus made an adverse rate of exchange between Canada and Great Britain, they were being hampered in their trade so far as exports are concerned. In recognition of this fact I think I can safely say that every hon. member of this government has from time to time received communications from farmers asking the government to take steps to stabilize the exchange between here and Great Britain. The government decided that inflation of currency was dangerous, but at this time they have set up a stabilization fund which does exactly the same thing as the inflation of currency, so far as our exportable surplus of farm products is concerned. Prices of exportable surplus of any commodity are governed by the price in the country to which the goods are exported, minus the obstacle confronted in order to get into that market. In the past those obstacles have in many cases been transportation, sales and excise taxes, and tariffs. We are now faced, however, with a new problem of exchange. I believe the stabilization fund will do more for the Canadian farmer than any other legislation which has ever gone through the House of Commons, because of the fact that it will not only raise the price of that surplus but will also raise the price of all the commodities affected in Canada. This is fully recognized throughout the farming districts, and I think it only shows the insincerity of those members who condemn the stabilization fund when they say it was designed not for the benefit of the farmer but for the benefit of the processor of meats and meat products, canned goods and so on. If our currency were on a par with the British pound sterling we would derive exactly the same benefit that we will derive under this stabilization fund.

There is much talk to-day about economy; you cannot go to any municipality where that is not a common topic of conversation. The only way any government can economize is by spending less, and I think that should be impressed upon all governments. As I have already said, in some cases the ability of the people to pay has reached its limit. There is no use trying to get taxes from sources which are not taxable; therefore the income tax schedules have been increased so that those receiving the large incomes pay the large taxes. I am not in favour of a capital levy, but I have always maintained that some method should be devised whereby certain investments could be taxed that to-day are not taxed. I think that might be considered by governments in the future. I will give an example. A man buys a farm for $10,000, and has to borrow $6,000 in order to do so. Just as soon as he takes possession of that farm he begins to pay taxes on real estate valued at $10,000, but the man from whom he borrows the $6,000 escapes the payment of any tax unless he pays income tax. I think this is very unfair to the purchaser of real estate; it discourages investments in real estate. It encourages people to invest their money where it will not be taxed,

and I think some small tax might be established under which the holder of the mortgage would pay part of the tax.

In conclusion, Mr. Speaker, may I say that a great deal of ridicule has been directed at the government and particularly at the Prime Minister. This is nothing new; history records the fact that the greatest men have been condemned by the people they served, and the greater the service the greater the condemnation. So it is only to be expected that much unjustified abuse should be thrown at the Right Hon. R. B. Bennett. There may be times when I doubt his qualifications as a politician, but not for a single instance have I ever entertained the least doubt as to his qualifications as a statesman, administrator or prime minister. I believe the day will come when the people of Canada will appreciate to the fullest extent the ability he has shown in guiding and directing the Canadian people through this grievous period of depression.

Mr. C. E. BOTHWELL (Swift Current): I hope the hon. member for North Grey (Mr. Porteous) will pardon me if I do not attempt to follow him in the arguments he has advanced.

I think every person in the Dominion of Canada, Mr. Speaker, who has given thought to the situation in which we find ourselves will sympathize with the Minister of Finance (Mr. Rhodes) for having to bring down a budget at this time; I think everyone will realize the difficulties with which he is confronted in his endeavour to balance the budget. We are passing through the most difficult times Canada has ever known. It is true that the early settlers had difficulties also, but they were able to accommodate themselves to the conditions which existed perhaps better than the people of to-day can accommodate themselves to the conditions which exist now.

The budget was eagerly awaited by all the thinking people of Canada. Everyone was wondering if it would contain some ray of light and hope. So far as I can gather, Mr. Speaker, from the correspondence I receive from my own constituency and from the conversations to which I have listened, this budget has been received with a feeling of despair on the part of the people of Canada. Perhaps they were expecting too much; perhaps they were hoping that the Minister of Finance would be able to change things overnight and usher in the dawn of a new era for Canada.

Many things have contributed to this feeling of despair. We are well aware that there is a world depression affecting all countries, but, with many others in this country, I believe that the situation in Canada might be remedied to a very considerable extent. We do not see anything in this budget, however, tending to help matters at all. I should like to congratulate the Minister of Finance on his presentation of the budget; I think he explained the situation in an admirable manner and gave us facts which perhaps we did not expect to hear. The hon. gentleman did not try to paint the picture any brighter than the situation warranted.

Perhaps the first contributing factor to this feeling of despair which I mentioned is the continual drop in the trade of Canada. I find that at page 3206, of Hansard the minister stated that for the eleven months ending February 28, 1933, the trade of Canada had decreased by $250,521,000 as compared with the eleven months ending February 29, 1932. We have been hoping for an increase in our trade. We do know, and we may congratulate the minister on the fact, that the government has brought about a favourable trade balance; but there is still a tremendous decrease in the trade of the country. We believe that the trade of Canada must increase if we are going to usher in that period of prosperity we are looking for. Then we have the falling revenue, for which we have been looking. We knew there would be a falling revenue, and that was not much of a surprise to most of the people. We have been studying railway statistics in the past few days. There has been an enormous drop in the earnings of the railways, not only in the Canadian National, which has been talked about so much, but also in the Canadian Pacific, and we believe on this side of the house that these deficits are largely attributable to the stagnation in trade which has been brought about to a considerable extent by the restrictions on trade which have been put into force by this government. We do not believe there is any chance of our railway earnings increasing with the freight rates that are now in effect, but the people of Canada cannot pay any higher rates, unless there is an increase in the trade of this dominion, and unless we give our railways something to do.

We had a good crop in the west last year. The railways have always in the past made money when there was a good crop in the west, in transferring the crop to the eastern seaboard, but in past years, in addition to hauling the crop, they have had cargoes to carry back. But the trade restrictions that have been imposed, together with the general depression, have eliminated that return traffic. The people of the west cannot buy, and about the only shipments that are going west are absolute necessities of life, a large proportion of which is made up of purchases through relief commissions.

We had hoped that the government at this time would do something to ease the burden that lies on the consuming public of Canada, but we cannot find in this budget anything that tends to do that. Additional taxes are being levied under this budget upon people who are unable to pay the taxes that are now in force. We thought that something would be done to equalize the imposition of taxation upon the people. In his budget address the Minister of Finance gave a statement of the funded debt of Canada, and among the items enumerated at page 3219 of Hansard I find that there is the sum of $774,650,000 odd of outstanding bonds that are tax free. There is an annual interest payment on those bonds of $39,347,950.25—bonds that are tax free. A portion of that will become taxable on the first of November of this year, namely, the sum of $276,688,100, but the balance will run for a further term of years. The people of Canada, not only in the west but in central Canada and in the maritime provinces, the ordinary person, the labouring class, the consumers, the common people of the country, are doing their utmost to make ends meet, but they find it impossible to pay taxes on farm lands, if they own farms, or to pay taxes on town properties if they have houses in the town. I think we were entitled to expect at this time, after two or three years of a depression such as we have been going through, that in this budget some step would have been taken to see that those people who have been escaping taxation should be brought just a little closer to the average man in the country. It may seem to the minister and to the government a rather extreme thing to do; it may look like renouncing contracts. But you must realize that the great majority of the people of Canada have been forced to renounce contracts; they are not able to live up to contractual obligations, and if there are 1,300,000 people in Canada on relief in addition to the hundreds of thousands who are on the verge of relief, surely it is time for some of these corporations and individuals who are holding tax free bonds to contribute to the upkeep of the country. A suggestion of that kind was made this afternoon by the hon. member for Nelson (Mr. Stitt), but he did not give us the figures to show what amount was involved. There is however a sum of $774,000,000 odd, as I calculate from the statement of the Minister of Finance, of tax free bonds in this country.

I believe we have come to the time in the history of this country when every person must help to carry the load. It does not seem fair any longer to leave the great bulk of the Canadian people suffering while those who were fortunate enough to get hold of tax free bonds go scot free. I realize that investments which they may have in corporations and in industrial concerns may not be earning the dividends they have in the past; I readily understand that these people are taking a substantial reduction in income right now. But they can afford to take a still greater reduction, or can afford to pay some part of the taxes of the country instead of the government endeavouring to tax the home, the housewife and children by such levies as an additional two cents on sugar. Before such taxation was levied, I submit that the government should have exhausted every other source. I know it sounds almost revolutionary to suggest breaking contractual relations even with individuals within Canada, but the time has come when, in my opinion, it has to be done.

I should like to refer to another matter. I think the government would be well advised to make a reduction in the duties imposed against certain classes of commodities coming into this country, for example, gasoline. It does not seem to me to be a fair proposition that oil companies such as Imperial Oil, the British American, the McColl-Frontenac, the Shell Oil, and other companies which may be able to take advantage of the protection afforded to the larger companies, should be able to draw out of the pockets of the people of Canada moneys to which they are not entitled. This commodity has a protection of two and one-half cents per gallon plus the excise tax. A dumping duty was in effect and a form of dumping duty is still in effect notwithstanding what the Minister of National Revenue (Mr. Ryckman) says. It is time that the people of Canada were able to get some of the benefits to be derived from the cheap gasoline being sold throughout the world. If this government was deriving any benefit from these duties it would not be so bad, but duties should not be imposed simply for the sake of protecting an octopus like the oil industry and penalizing all individuals who find it necessary to buy gasoline and oil. Such action is not fair in times such as we are now experiencing. One oil company was able to ship $12,000,000 of profits down to the Standard Oil Company of New Jersey to enable that company to get on the right side of the ledger for last year's operations to the extent of $8,000,000, whereas otherwise they would have shown a loss of some $4,000,000. This is only one class of industry which is protected by the tariff legislation put through

by this government in 1930, and 1931. Most of the people in Canada have not enough to pay their absolutely necessary outgoings, and yet the Imperial Oil Company have been protected to such an extent that they were able to ship out of Canada some $12,000,000 of profits taken from the Canadian people in order to build up a parent concern.

I was rather surprised at the effort made by the Minister of Trade and Commerce (Mr. Stevens) and the hon. member for Souris (Mr. Willis) to show that this government has not raised tariffs. It seems to me that they must be in a bad way to find something to talk about when they endeavour to prove a thing like that. The other evening the hon. member for Souris gave some rather astounding figures which he had taken from the publication Trade of Canada. On page 3496 of Hansard the following appears:

Increase in average Mackenzie King tariff, 1922 to 1929, over previous Conservative tariff, 1917-1921 on dutiable imports 2·2 per cent.
Increase in average Bennett tariff, 1930-32, over previous average Mackenzie King tariff on dutiable imports 2 per cent.

I ask the house to listen to this:

In their first full calendar year in office the Mackenzie King government increased the average tariff by 4·3 per cent, and similarly in the first full calendar year the Bennett government increased the average tariff by 1·6 per cent.

If any hon. member will take the trouble to look up that particular page of Hansard he will find that the hon. member included the year 1922—I assume that is the fiscal year ended March 31—as a Liberal year. The records will show that after the elections of 1921 the Mackenzie King government came into power, I think in the month of December and the budget was not brought down until May, 1922. The great increase of 4·3 per cent referred to by the hon. member took place under a Conservative and not a Liberal régime. That is the first mistake he made.

Mr. CASGRAIN: They made many more.

Mr. BOTHWELL: The hon. member took his figures from the publication Trade of Canada, but I should like to know what sense there is in having a column headed "Average Ad Valorem Rate of Duty on Dutiable imports" and then another column showing the average for total imports. In order to arrive at an average rate one must take into consideration all the goods imported as well as the various rates under which they were imported. This morning in the committee on banking and commerce Doctor Coats illustrated this in connection with another matter. He said that in order to arrive at an average rate of interest it would not be fair to take $1,000,000 at six per cent and $100,000 at eight per cent and strike an average without taking into consideration the amount of money which bore the different rates of interest. The same thing applies in striking an average ad valorem tariff rate. A number of commodities entering this country bear a specific duty. If you have a $4 duty on a $40 article, you have an ad valorem duty of ten per cent, but if you have a $4 duty on a similar article worth $80, you have only a five per cent duty. To put it in another way, if you have a duty of $4 on an article worth only $20, you have a twenty per cent duty. The hon. member for Souris simply took the average duty, not the average weighted duty. A drop or increase in the price level would make a considerable difference as would the quantity of the various goods coming into the country. In order to prove my point I would refer again to the statement made by the hon. member which I quoted last, as follows:

—and similarly in the first full calendar year the Bennett government increased the tariff by 1·6 per cent.

The other evening the hon. member for South Huron (Mr. Golding) gave certain figures in connection with duties. I should like to quote a few of these to show the house the difference between the duties imposed by the Mackenzie King government and those imposed by the present government, even after the preference was allowed. The first figures he gave were in connection with cotton printed piece goods. Under the Mackenzie King government the rate was 18 per cent while under the preference of the Bennett government the rate was 58·5 per cent. That rate includes the dumping duties and the exchange duties.

	King %	Preference %
White cotton flannelette	15	52
Wool piece goods	24¾	64
Wool overcoating	24¾	93
High grading suiting	24¾	68
Wool hosiery	20¼	82
Blankets	20¼	80

Then, coming to the agricultural end of the duties, he gave the following figures:

	Old rate Liberals %	New rate Conservatives %
Binders	6	25
Seed drills	7½	25
Manure spreaders	7½	25
Cultivators	7½	25
Milking machines	10	25
Hay loaders	10	25
Incubators	10	25
Ensilage cutters	10	25
Barbed wire	Free	10
Cream separators	Free	25

When those figures go out to the Canadian people, will any of them believe the statement that the hon. member for Souris says he took from the condensed preliminary report of the Department of Trade and Commerce? I do not need to quote other instances, because they were quoted in the press after the Imperial conference, on actual shipments of goods into Canada showing what the increase was, and all along the line they were similar to what I have already mentioned.

I should like to say a word in regard to the stabilization fund. An attempt has been made by some hon. gentlemen opposite to show that we on this side are in favour of it. I have listened to most of the speeches delivered from this side, and if I understood them correctly, what was stated was this: If you are going to establish a stabilization fund for the benefit of some thirteen products, then you should go further and apply it to all other products. I have not heard any hon. member on this side say either that he was definitely opposed to the stabilization fund if it were applied in that way or that he was in favour of it as being applied only to the thirteen commodities to which it now applies. It is something like the wheat bonus. I heard the hon. member for Qu'Appelle (Mr. Perley) the other afternoon state that we on this side were opposed to the five cent bonus on wheat. I was in the house during that time; I heard the debate on that particular subject and I know from this side we were opposed to the five cent bonus on wheat in the way it was originally introduced; that is, when we thought it was going to be paid to the railways on account of freight, we were opposed to it. Then when we thought it was to be paid to the grain trade, that is to the exporters of wheat, instead of going back to the farmers, we were still opposed to it. I believe many hon. members then stated that they were opposed to the principle of the five cent bonus on wheat, and I do not blame anybody for that attitude. We derived some benefit from that bonus in the west, but the people there who were most in need of help in that particular year, received no benefit at all from the five cent bonus. The same thing applies to this stabilization fund. No one is anxious to take any benefit that may be derived from that away from those who can get the benefit of it, but if a certain number of people in this country are to derive benefit from it, then we believe there is a great body of other people in Canada who are also entitled to derive similar benefits on other products. The fact of the matter is that we believe the government by its tariff legislation has so penalized the people, the producers of Canada, it is necessary for it to hand out bonuses of one kind and another in order to keep things moving. Just in that connection I want to draw attention to a report that was made by one of our Canadian correspondents in London, Mr. M. H. Halton, after the budget came down. He said:

"The Canadian plan won't, of course, nullify any Ottawa preferences," he said, "but it's exactly the kind of dumping which, on the part of other countries, raised so much protest here and in Canada. However, it is almost bound to benefit Canadian primary producers."

He went on:

The board of trade said no British law exists against importation of bonused products. Sir Douglas Newton, agricultural expert at the Ottawa conference, expressed intense surprise at the announcement, and said the plan would necessitate much consideration. Sir John Gilmour also seemed surprised but refused to comment. The London Central Markets, the chief British wholesale meat and meat products associations, however, is frankly cynical. "It's dumping, but what of it?" said an official, "and it won't increase Canadian meat sales over here."

If Britain is going to consider a payment out of this stabilization fund as a bonus to agriculture as a species of dumping, then I think we would be better without it. In any event it is not fair to the people of Canada unless the stabilization fund is established for the benefit of all primary producers who are able to produce goods for export.

On motion of Mr. Rowe the debate was adjourned.

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

Wednesday, April 5, 1933

The house met at three o'clock.

QUESTION OF PRIVILEGE

COMPLAINT BY MEMBER OF NEWSPAPER REPORT OR COMMENT—RULING, MR. SPEAKER

Mr. SPEAKER: On Monday, April 3, the hon. member for Temiscouata (Mr. Pouliot), raised a question of privilege. He quoted, he said, an article from a newspaper called "Le Journal" of Quebec referring to him, and complained that he had thereby been misrepresented. I find, however, on reading a translation of the hon. member's remarks that he went much further than he had a right to in addressing himself to a question of privilege. He attacked the reporter and made remarks concerning members of the house which he had no right to do at that time and in that way.

I therefore direct the Editor of the Debates to expunge from the record the first and

second paragraphs of the second column of page 3893 of Hansard of Monday, April 3, commencing with the words "Le correspondant" and ending with the words "le premier ministre," and also the fourth paragraph of the first column of page 3894 commencing with the words "Il y a un paragraphe" and ending with the words "pour bien faire," the remarks therein being entirely improper and unparliamentary on that occasion.

The practice in England in dealing with a newspaper article alleged to be a breach of privilege is found in May, pages 98-99—

> When a complaint is made of a newspaper the newspaper itself must be produced, in order that the paragraphs complained of may be read. A member complaining of the report of his speech in a newspaper, has been stopped by the Speaker, when it appeared that he had no copy of the newspaper on which to found his complaint. It is irregular to make such a complaint, unless the member intends to follow it up with a motion, but such a motion has been confined to declaring the article, or letter, to be a breach of privilege, without further action.

In this house the practice has been for the member to cite the article, point out that it is a breach of privilege, and that he has been misrepresented. It is not permissible for him to go further when so speaking.

Quoting from Blackmore's decisions by Speakers Dennison and Brand at page 248 on an occasion when an hon. member complained to the house of certain newspaper articles as libellous of an hon. member and constituting a breach of privilege and an objection being taken that the hon. member was entering into extraneous matters, the Speaker said "The hon. member is bound to confine himself strictly to the question of privilege which he has brought before the house," and quoting from Peel's decision, House of Commons, page 107, "If motion is made that certain passages in a newspaper constitute a breach of privilege, the discussion must be strictly confined to whether the words read at the table do constitute a breach of privilege," and so in this house discussions must be similarly limited.

PRIVILEGE—MR. BENNETT

Right Hon. R. B. BENNETT (Prime Minister): I desire to direct attention to the fact that yesterday, as reported at page 3947 of Hansard, the hon. member for Témiscouata (Mr. Pouliot) added to the report of Hansard certain words which he said were used by me on the preceding day. I had not seen the report of Hansard, nor was I able at that moment to send for it; as a matter of fact I have seen it for the first time within the last hour. I find that the report in Hansard, which was not revised, was made from the sheet which I hold in my hand. It did not contain the words which the hon. member for Témiscouata has sought to add to what I said, and I deny the right of that member to add to any observation made by me in the house. I therefore ask that the words in question be deleted; otherwise, it would permit any hon. gentleman in the house to impugn the accuracy of a statement in Hansard and make remarks for other members of the house.

Mr. SPEAKER: I may say that, after reading the report of the remarks made yesterday by the hon. member of Témiscouata, I examined the transcript of the report made by the reporter on the occasion and I find that the words in question were not reported. I have discussed the matter with the Editor of Debates and he informs me that no such words were reported and therefore were not deleted, nor has the report of Hansard been in any way changed. I direct that the remarks made by the hon. member for Témiscouata in this connection be expunged from the record; they should not have been made.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): I beg to lay on the table of the house a number of orders in council passed pursuant to relief legislation.

COURTS OF ADMIRALTY

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 66 respecting the courts of admiralty.

He said: I might offer a word of explanation in regard to this bill. At the present time the admiralty courts in Canada are constituted and obtain their jurisdiction under the Colonial Courts of Admiralty Act of 1890, passed by the parliament of Great Britain. In the year 1929 a conference was held in London on the operation of dominion legislation. That conference made a report regarding the question of admiralty and other matters and the report was taken up at the Imperial conference which met in London in 1931. It was adopted and has been subsequently ratified in effect by the statute of Westminster, passed by the parliament of Great Britain and by the parliament of Canada. Under the authority of the statute of Westminster this parliament can now pass an admiralty act and establish a court of admiralty, as proposed in this measure. I may inform the house that the bill I have now the honour of introducing has been prepared by those considered in this country most capable of dealing with admiralty laws.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

CALLING OF WITNESSES BEFORE SENATE COMMITTEE ON SHIPPING

Right Hon. R. B. BENNETT (Prime Minister): Perhaps before the house proceeds to questions I might be permitted to say that the Senate committee dealing with the shipping bill has been hearing large numbers of witnesses and the committee would be greatly pleased if any members of the House of Commons who desire to suggest that witnesses attend from their several constituencies would do so at once. The proceedings are being printed, and in view of what has transpired I think it would expedite matters if any witnesses desiring to be heard would appear before that committee and make their statement.

Mr. GRAY: Did I understand the right hon. gentleman to say that the proceedings are being printed?

Mr. BENNETT: Yes.

Mr. DUFF: Will witnesses not be allowed to appear before the committee when the bill comes to the House of Commons?

Mr. BENNETT: We would avoid that by considering the bill in committee of the whole and proceeding in the way I have suggested.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DESTROYERS SAGUENAY AND CHAMPLAIN

Mr. GIROUARD:

1. Is it true that the Canadian destroyers Saguenay and Champlain are still cruising?
2. If so, what is the purpose of such cruises?
3. What is the cost per day for the operation of each of said destroyers, including salaries of men and officers?
4. Do these destroyers form part of the British West Indies squadron?

Mr. SUTHERLAND:

1. Yes.
2. To train the personnel for the purpose of maintaining sea going efficiency under conditions which are essential but which are not obtainable in Canadian waters during the winter months.
3. Saguenay, $645; Champlain, $485. It may be explained that the ships are in permanent commission and cost the same amount for general upkeep whether they are in Halifax or the West Indies. There is, of course, expenditure for fuel on passage, but the figures given for cost of upkeep include the cost of fuel for the average amount of steaming done in twelve months.
4. No.

[Mr. Guthrie.]

QUEBEC CITADEL

Mr. POWER:

1. In connection with work being carried on at the Quebec citadel by way of unemployment relief under the Department of National Defence, how many (a) engineers; (b) assistant engineers; (c) accountants; (d) foremen; (e) gang bosses or sub-foremen; (f) cooks; (g) storemen; (h) clerks and timekeepers, have been employed since October, 1932?
2. What is the salary paid to each?

Mr. SUTHERLAND:

1.

	Maximum number employed at any one time	Total number of individuals employed up to March 31, 1933
(a) Engineers	Nil	Nil
(b) Asst. engineers	Nil	Nil
(c) Accountants	Nil	Nil
(d) Foremen	1	1
(e) Gang bosses or sub-foremen	12	13
(f) Cooks	4	4
(g) Storemen	2	2
(h) Clerks or timekeepers	3	3

2. No salary is paid, but an allowance as follows is provided:

	Per month
Foreman	$60
Gang boss or sub-foreman	40
Cook	50
Storeman	30
Clerk or timekeeper	20

QUESTIONS PASSED AS ORDERS FOR RETURNS

DESCHAILLONS, QUE.—DREDGING INSPECTORS

Mr. VERVILLE:

1. What were the number of dredging inspectors at Deschaillons during the months of August and September, 1932, their names, ages and residences; how many were married and how many single?
2. By whom were these men recommended?

CIVIL SERVICE EMPLOYEES

Mr. MacLEAN:

1. How many persons permanently employed in the civil service of Canada are sixty-five years of age or over?
2. What was the total salary of such employees for the fiscal year ending March 31, 1933?
3. How many of said employees are paying into any one of the several superannuation funds?
4. How many pay into the retirement fund?
5. How many permanent civil servants are sixty years of age but not over sixty-five?

6. What was the total salary of said employees for the fiscal year ending March 31, 1933?
7. How many between the ages of sixty and sixty-five are paying into any one of the several superannuation funds?
8. How many pay into the retirement fund?

MOTIONS FOR PAPERS

STABILIZATION FUND

Mr. MOTHERWELL:

For a copy of all correspondence, memoranda, telegrams and other documents received by the government or any officers thereof, since August 1, 1932, and prior to Tuesday, March 21, 1933, with respect to the establishment of the stabilization fund announced by the Minister of Finance in his recent budget.

ILE AUX GRUES, QUE.—SIGNAL AGENT

Mr. POWER:

For a copy of all correspondence, telegrams, orders in council and other documents, from August 28, 1930, to date, dealing with the position of signal agent and semaphore operator at Ile aux Grues, Quebec.

ST-MAURICE DE L'ECHOURIE AND CAP DES ROSIERS—PUBLIC WORKS

Mr. BRASSET:

For a copy of all paylists respecting works carried out by the Department of Public Works at St-Maurice de l'Echourie and Cap des Rosiers, in the county of Gaspe, from the month of August, 1930, to date.

FERNIE COAL MINES

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): I should like to direct a question to the Minister of Mines (Mr. Gordon) based upon a telegram I have before me from the city of Fernie, British Columbia. Has the minister received representations from Fernie pointing out the very serious condition of the coal industry in that vicinity, and what are the intentions of the government with regard to preventing the closing down of that industry and the total collapse of that community?

Hon. W. A. GORDON (Minister of Mines): Yes, a communication was received by a member of the government in connection with the situation at Fernie. It appears that through inability to market their products, which has been growing apparent for a period of years, I believe, the mines at that point gradually have been going down until now they are practically closed. The question of what can be done, if anything, has been taken up with the government of British Columbia, upon whom the responsibility rests, if there is responsibility on any other than those immediately concerned. If it is possible for this government to assist, of course that assistance will be given. I have not the details as to the number of people affected, and am awaiting further word from the government of British Columbia.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Tuesday, April 4, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, the amendment thereto of Mr. Ralston and the amendment of Mr. Lucas.

Mr. W. E. ROWE (Dufferin-Simcoe): Mr. Speaker, it is not my intention to follow the varied arguments that hon. members who sit to your left have brought forward during the course of this debate, in which they charged the government with broken promises and made a general criticism of the budget now before parliament. However, I am glad indeed to express my appreciation of the mutual admiration which has been shown on every side of this house for the very capable manner in which the Minister of Finance (Mr. Rhodes) presented his budget for 1933.

In common with all other hon. members I appreciate the situation and the condition with which we are confronted to-day. I believe every hon. member realizes that the great difficulties we have had to face within this country, confused by even greater problems without, have added enormously to the task of the government, and have brought about grave and unprecedented problems in administration. I do feel, Mr. Speaker, as I know many other hon. members feel, that it is unfortunate that following the great war and until the depression in 1929 so many countries entered upon an era of extravagance; there seemed to be something of a celebration, and I believe Canada was right in the vanguard. We saw reckless extravagance such as has not been witnessed in modern times; watered stock and borrowed money became the principal methods of our new progress, and future generations were bonded in debt for services we have enjoyed in the past. At last we have found that we cannot borrow ourselves out of debt, and now we must meet the obligations we incurred in connection with services we enjoyed for several years.

Mr. Speaker, though we find the ship of state rocking and listing in perhaps the worst

economic storm we have ever experienced, the hon. members who sit to your left charge the Prime Minister (Mr. Bennett) and this government with having broken some little pre-election promises.

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: Perhaps the government has not followed as rigid a course as would have been pursued during finer weather, but I think it is only fair that I should recall the record of hon. gentlemen opposite. We remember that in 1919 the Liberal party drew up their famous platform; the Progressive party began to appear somewhat dangerous, so we had a platform of double construction, with new party principles in Liberalism, re-planked by agricultural timber, in the hope of catching Progressive votes all over the country.

Then in 1921 what happened? The then Prime Minister, the present leader of the Liberal party (Mr. Mackenzie King), questioned as to why he did not carry out the promises he had made, said they were merely a chart and compass by which he might set the ship of state aright. However, Mr. Speaker, there were two charts, one for low tariffs and free trade and the other for lower tariffs and freer trade, but the wisdom and influence of the Right Hon. W. S. Fielding prevailed and both charts were discarded, the compass buried at sea, and the ship of state began its reckless, uncertain journey. In 1925 and in 1926 we had, by the way, a new system, a new array of fantastic promises. I am not going into details, but I well recall the speeches of the leader of the Liberal party at Richmond Hill and other places throughout the dominion. He promised: We will reform the Senate and we will give the Progressive and Farmer parties what they cannot secure for themselves. The Liberal party was returned to power, and it answered the first promise by placing in the Senate some of the most remarkable reformers Canada has ever known. How did it answer the second promise? By kidnapping the leader of the Progressive party and his shipmate, the hon. member for Lisgar (Mr. Brown), leaving the Progressive party shipwrecked, in distress and still crying for aid.

In 1930 we had from my hon. friends opposite a new array of promises more fantastic than Liberalism had ever before known. They said: Now we will shelve the old low tariff policy, that old, dusty free trade program which we have had for years, and bring forward a "countervailing" system. Nobody knew how high; nobody knew how low it would be, and only heaven itself knew how often it might be changed to suit the whims and fancies of various countries in control of our fiscal policy.

As I listened the other day to the ex-Prime Minister, with all respect to him I must say that my interest was more or less mingled with amusement as he defended his fourteen points of his new policy, and concluded by saying: "Mr. Speaker, we and the Liberal party guarantee tariff stability for Canada." I have long since made clear my position in the house, and I do not want to take an attitude of, I told you so, to refer to any speech I have made, but hon. members who have been in the house for a number of years will know that I pleaded with the former government to try to develop agriculture in a less lop-sided fashion. We are charged with having increased tariffs. The ex-Minister of the Interior (Mr. Stewart) said yesterday that if the present government had lowered tariffs it would have been much better for the Dominion of Canada. In another breath he said that we must inflate our credit to buy where we can buy the cheapest; while the countries with which we trade would not know the value of our money. Such is another inconsistency.

If the years from 1920 to 1929 were those which we are to assume were the prosperous ones, all one need do is to recall the development of this country during that period. What was the trend of development? In 1920 we sold $27,000,000 worth more finished products from farm and factory than we purchased, while in 1929, the concluding year of this era of prosperity of which my hon. friends opposite boast, we imported $243,000,000 worth more of the same products than we sold. That is some indication of the trend of development of the dominion. That is partly the reason we had to spend $26,000,000 on immigration and had a government which, in the year it went out of office, had produced a situation whereby more people were leaving Canada than were entering it. In 1922, 72,000 Britishers came to Canada, while in 1929, 10,000 more people left this country for the United Kingdom than came over from the old land. That was the concluding year of their prosperous era, the year before the present opposition had even admitted that the depression had begun. So I say: What would have happened had we inaugurated a policy of lower tariffs? Is there an hon. member who sits either to your immediate left, Mr. Speaker, or among the wilder group in the far corner, who will for a moment maintain that had we lowered tariffs in 1930, we would be better off now, especially when it is considered that in the way of debts, which were largely

inherited by us from our predecessors, we owed a million dollars a day to the republic to the south? At the same time, every day but Sunday we were buying from them a million dollar's worth of goods more than we were selling to them. Just a month before we gave the electors an opportunity to express their opinions, the Hawley-Smoot tariff came down that would have shut out, in normal times, each day three quarters of a million dollars' worth more of our products. Is there an hon. member who has the courage to say that in spite of that we should have inaugurated low tariff policies for the benefit of the dominion?

Some hon. MEMBERS: Yes.

Some hon. MEMBERS: No.

Mr. ROWE: Some say yes and some say no. I believe this lopsided development which was carried on from 1920 to 1929 contributed in no small measure to the crisis through which we are now passing. I refer to agriculture, not because I am a farmer, but because I believe if prosperity comes in this dominion it must develop through agricultural prosperity. There is an old adage in that good book—and I advise my hon. friends opposite to read it oftener—that tells us that it is "to the fruits of the earth and the flocks of the field we must all turn for substance." We must turn to these in our day of adversity. What happened with respect to our progress from 1920 to 1929? Improved machinery and fertile lands have brought about the production of more wheat with less labour, but let us take the export of agriculture in mixed farming. In 1920 we sold to the old land $77,000,000 of meats alone, while in 1929 we imported 41,000,000 pounds of meat to feed our own people. Through a low tariff policy, the cheap meat producing countries were able to export to Canada these products, to say nothing of other farm commodities.

The present Prime Minister, realizing that it was only through the maintenance, development and restoration of agricultural prosperity that we could secure prosperity for all, made a brilliant effort in 1930 in spite of the fact that other markets were shut to us, as everyone will admit. Hon. members opposite may smile, but I ask them: Where would they have sold these products? In June, 1930, the Hawley-Smoot tariff shut us out of the United States markets. In the same year the Prime Minister made one of the most brilliant attempts to secure an imperial conference agreement. It is true that he failed in 1930, but the British acceptance of the same proposals in 1932 was a clear-cut vindication of the Prime Minister's judgment, and time alone will record this achievement as an outstanding feature in imperial development. Is there an hon. member who would say that the British market does not mean anything to this country, a market that consumes 65 per cent of all the exportable mixed farming production of the world, that had been buying 76 per cent of its supplies from foreign countries and only 26 per cent of it from empire countries? It is the only free market left and the only market that buys more foodstuffs now than it did before the war. Therefore I consider that in that market and in our home market lies the only hope for agriculture in the Dominion of Canada. I know there are those who will say: No, we shall drift on at the mercy of the different elements throughout the world; we were the fine weather birds; we got along fine in world prosperity; we will make prosperity by improved world prices, by favourable world conditions. It is remarkable that almost always in the days of adversity of this dominion, the people have turned to the party which now sits to your right, Mr. Speaker.

Some hon. MEMBERS: Oh, oh!

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: I thank hon. members because they agree. If you study the history of this country, you will find that our people have usually turned to the Conservative party to bring them through the days of adversity. In these difficult days the Canadian people have again turned to this party, and the present government is doing everything in its power, independent of the political consequences, to clean up the mess that was left to them by the Liberal party. It is of fundamental importance at this time that we should encourage the development of our overseas market. While I am a farmer, I have still every confidence in the national protective policy of the Conservative party. As a farmer I realize that there is no other market that is as important for our farm products as the home market, and there is no development more necessary than its development through the finer processing of our products from farm, forest and factory. When we consider the great possibilities that we have overseas at the present time, I want to impress upon the government the necessity of developing that market still further.

I heartily support the agricultural stabilization fund which has been brought down in this budget. It is almost needless, indeed, for me to say that I am in favour of it because last year I proposed something simi-

lar myself; in fact, the present plan looks to me like my plan of last year in a dress suit. What I proposed last year when agriculture was confronting the greatest crisis in her experience was a straight bonus on mixed farm products, to be administered by a board so that none but the high-grade products would receive the bonus, and the bonus would be automatically eliminated when prices increased in order to encourage regularity of supply. But the plan proposed by the Minister of Finance is even better. At present pound sterling value low, and with hogs at three cents, as they were last year, it means that we would receive 35 cents a hundred; if hogs go to six cents, we shall receive 70 cents, and so on. So the future looks brighter than the present. This is the first attempt in the last quarter of a century that any government in this country has made to improve the price of farm products. I would urge upon hon. gentlemen opposite who represent rural constituencies throughout this dominion, when they go back home and speak in the little red schoolhouse against the duty on sugar and how they voted against it, to tell the farmers also that this agricultural stabilization fund will mean more money to the farmers of this country than all they will have to pay for the sugar, taxes included, that they consume throughout the year. But I am very glad that some hon. gentlemen opposite have taken the attitude they have in regard to this agricultural stabilization fund because it means that there will be very many more Liberal constituencies vacated at the next election.

Any hon. member who represents a farming constituency or knows anything at all about farming knows what advantage this agricultural stabilization fund will be to the farmers of this country. I have heard lawyers, industrialists, doctors and other professional men, all asking how this is going to help the farmer. I have even heard hon. gentlemen on the other side of the house who are farmers themselves asking the same question, but every hon. member who knows anything about agriculture knows what a great influence the price we receive for our surplus farm products abroad has on the domestic price. All you have to do is to look at the market reports since the budget was brought down to see that this is so. I say further that there is not a farmer in this house who will dare rise and say that it will not affect the domestic price of farm products. Every fisherman, every poultry raiser, every cheese maker, every cattle raiser and every hog producer in this dominion will receive material benefit from this fund.

Mr. DUFF: Did you say every fisherman?

Mr. ROWE: Every fisherman who exports—

Mr. DUFF: You don't know what you are talking about.

Mr. ROWE: It is applicable in the same way to the fisherman who exports his products. I have spent as much time in agriculture as the hon. member has in the fishing industry—

Mr. DUFF: Leave fishing alone.

Mr. SPEAKER: The hon. member has no right to interrupt the hon. member who has the floor, particularly in that way.

Mr. DUFF: Stick to agriculture.

Mr. ROWE: I hope that when my hon. friend goes to the agricultural sections of his riding which I have visited he will tell the farmers there that he voted against the agricultural stabilization fund. I have figured just what it will mean on the sale, say, of a small load of hogs. It will mean more on a load of a dozen hogs to the farmers of this country than the farmer pays, including the sugar tax, for all the sugar that he and his wife and family uses during the year. It will be of similar benefit to the cattle raiser; it will be of similar benefit to the poultry producer and to the cheese maker, and I leave it to the hon. member for Antigonish-Guysborough (Mr. Duff) to apologize for any harm he thinks it will do to the fishermen of this dominion.

We have on the horizon the possibility of new outlets for our products. I have explained briefly what Britain buys from world production. I have mentioned the 800,000 head of cattle imported into the old land from the Irish Free State, and in view of the rather difficult imperial relationships at present existing between Ireland and Great Britain and the tariff which has been placed against Irish cattle entering the British market, there are new opportunities for the Canadian producer.

We know that we have improved our position in the British market with respect to chilled beef. Argentine's exports of chilled beef to the British market have fallen off by 25 per cent in the last three years, while Canada's exports have increased from 4,000 quarters to 19,000. Hon. gentlemen opposite may shake their heads and say that that is not a large amount of beef. True, but it is sufficient to demonstrate the possibilities that lie ahead for this dominion, particularly with the ever-increasing speed of the great transportation lines crossing the Atlantic.

When I hear hon. gentlemen opposite criticizing the Imperial conference agreements, I should like to know what market they hope to get for our surplus products, or do they

propose that we should consume all that we grow in this dominion? I know that under their reckless lopsided development this country from 1920 to 1929 increased its exports of wheat by 100 per cent, while its exports of finished products decreased by 65 per cent.

As to the hon. members in the far corner of the house who pose as the apostles of agriculture, there has been no group in this country which has made more noise and accomplished less for agriculture than that particular group. I say that with all respect, because they were a hindrance to the previous government. They claimed to be apostles of freer trade, and when the government had not a majority in this house without them, this country became dependent upon wheat and wheat alone in consideration for lowering the tariff barriers against everything they wished to buy. In 1928 I warned the then government against the possible difficulties in competitive wheat marketing, and I remember that at that time a Progressive member said to me: "You do not know what you are talking about. Wheat will never go below one dollar a bushel. The market for Canadian wheat is unlimited so long as we buy all the products that we require free of duty." That hon. gentleman did not come back to this house, and last year I suppose he grew wheat at 40 cents a bushel. I would ask, is there any way in which our surplus wheat can be consumed more readily than by our hogs, our dairy cattle and our poultry throughout this country? Is there any place less interfered with by machinery better suited to give employment to our people? Are there any two conditions weighing more heavily on the situation to-day than unsold wheat and idle hands in Canada?

Mr. VALLANCE: Two cent hogs.

Mr. ROWE: The hon. member says "two cent hogs." I might remind him he is not selling any in Ontario because we are getting six cents at some points.

An hon. MEMBER: Since when?

Mr. VALLANCE: We are dealing with the feeding of wheat though.

Mr. ROWE: During the period from 1920 to 1929, western grown cereals were being shipped to Denmark and that country was exporting bacon and securing the bacon trade that we had established in Great Britain. We were very successfully supplanted by Denmark. In 1920 we supplied 26 per cent of the British bacon requirements; at that time Denmark supplied 12 per cent. In 1930 Denmark supplied 60 per cent, and after the nine years of prosperity about which hon. members opposite talk we supplied only two and a half per cent. We supplied some of the grain that enabled the Danish producers to capture our market.

Every effort should be made by the government to study outlets in other countries, especially in British countries, to study and explore the possibilities of continuity of supply to the countries we are now supplying, and to ascertain the particular grades they desire. I know there are those who say we cannot develop this trade to any great extent. I can say that it has come to the stage described in the story the hon. member for Mount Royal (Mr. White) once told, that we have to. It seems that the hound was after the rabbit, and the rabbit climbed a tree. When someone said that the rabbit could not climb, the reply was that he had to climb the tree. I know that to-day farmers of Canada realize something must be done, or else they cannot go on and produce wheat at less than cost. We know that Australia, Argentine and New Zealand produce mixed farming products at a much lower cost than we do in the Dominion of Canada. We know those countries have organized their agriculture, and by commission and investigation have explored the outlets in each country, because they were forced to do it. For example, New Zealand consumed only eight per cent of her meat production and only fourteen per cent of her dairy production. Therefore the export market was an actual necessity to them. They studied and explored the markets, and to-day they have captured them. After the great war Denmark explored the British market, studied its requirements, studied its desires, studied how much was needed in the mining sections of Great Britain; they found out how much heavy thick pork was needed in those sections; they studied the demand for the finer, thinner breakfast bacons to be used in the urban districts, with the result that after concerted effort, in 1929, they had captured the market. We have entered into a competitive game; we have entered into a difficult task. We are faced with the necessity of capturing markets which we had and lost. We must secure those markets against the odds of favourable climatic conditions in other countries. We must capture them against the whole organized efforts of other countries.

I know there are those who ask: Why did the government bring down the agricultural stabilization fund at the present time? Because they realize that agriculture must be restored. We learned long ago that "he who counts the cost will never yoke the plough."

In recent times we have learned new truths, "if we go on, we will lose more, and if we stop we will lose all." Something must be done if this nation's prosperity is to be restored. It is a problem not only before hon. members sitting to your right, Mr. Speaker, but surely it is the concern of those who sit to your left. It is a problem not only existing before this country, but before other countries. The economic committee of the League of Nations have expressed their conviction that world conditions will never be improved until agricultural prosperity is restored. Two years ago the Macmillan committee in Great Britain made an investigation with reference to general conditions and reported that until price levels were raised, and until agricultural prosperity was restored, even in the old land, we could not hope for improvement or prosperity. In the old country only ten per cent are engaged in growing foodstuffs, while in Canada fifty per cent are engaged in that occupation.

In the old land they appointed a dairy commission, a hog commission, a fat stock reorganization commission, to find ways and means by which they might give to the United Kingdom some assistance to bring back the prosperity necessary to give the purchasing power required to improve business and to put work in each factory throughout the empire. Mr. Speaker, I believe that the government of this country—and this is merely a suggestion—should appoint a live stock export commission made up of hon. members of this house. It should not be a royal commission, but should be composed of members who have a mandate as the business representatives of the people of Canada. That commission should investigate, survey and explore the outlets in other countries, should investigate our present supply, the regularity and grades of such supply, the continuity of it, and should also arrange so that the statistical bureau of Canada will show to us, as they have never done in the past, statistical references as to the volume of supply expected for high class trade, and so on, so that we can approach the problem with some accuracy as to the grades available for the market. First, we would have to ascertain the continuity of the demand for particular grades which might be guaranteed regular supply.

It is absolutely necessary to revitalize agriculture. I compliment the government upon what it has done; I believe it has taken a step in the right direction. I believe such a commission might well investigate the possibility of utilizing the port of Churchill to transport cattle from western Canada, to the great cattle market of Birkenhead. I believe the commission might investigate the possibility of establishing feeding stations in eastern Canada. I believe they might also investigate conditions in both the west and the east with a view to freight rate adjustments so that eastern farmers might be encouraged to feed western cattle in transit with the advantage of a through rate, in this respect following the example of the western states.

They might well investigate further the possibility of establishing in the maritime provinces not only feeding stations but killing stations. I know there are some hon. members on this side of the house as well as on the other who do not agree with that, but I say conditions are changing and changing rapidly. We are told that the British housewife to-day does not want the heavy beef, but she wants the fine prime finished beef, and she wants it fresh, so that she can have more hot roasts, and not so many larger cold roasts off frozen beef carcasses from the Argentine.

I should like to refer hon. members to the fact that during the last three years the exports from the Argentine have fallen off by twenty-five per cent, and our exports have increased to nearly five times their former extent. Even though that is small, it is at least an increase and a hope. I believe killing stations might be installed in the maritime provinces so that chilled or almost fresh meats, in ever increasing quantities, in view of our improved transportation facilities, might be supplied through cool Atlantic routes and sold on the counters in London as fresh Canadian beef. These are matters which are absolutely essential. I believe they are of such national concern that they should not wait. I am convinced that the restoration of prosperity in Canada must come after a careful organization and investigation of these better and more stable outlets. After all, mixed farming is the basis of prosperity in this dominion. I know that some hon. members who are wheat growers and who would not have agreed with that view a few years ago will now agree. I believe the time is not far removed when mixed farming will take the place of wheat growing in many wheat growing sections. The time is not far distant when other wheat growing sections will be engaged in supplying the British beef market. I believe that there is another step that the government might take, if I may make another suggestion. I think I have done more prescribing without being called in, as the doctors say, than many other members of this house, but I say this with all respect—it concerns both sides of the house—we are passing through the most

critical times Canada has ever gone through, and I say in the interests of agriculture, of the small manufacturer, of the small business man, of Canada itself, we must have a lowering of interest rates in this dominion. I say that with all sincerity. I say it as a farmer. I have no apology to make for any votes I have given in favour of the national fiscal policy of protection, but I do believe in a quid pro quo for agriculture. The great distance between Canada's agricultural producers and their markets is a further handicap to them, whereas the manufacturer in Canada is protected by that very handicap of distance from his competitor. The manufacturer is protected by tariffs which preserve his market for him but the farmers cannot be protected in their markets when they have an exportable surplus. Therefore we must get that quid pro quo by any reasonable means in order to make our whole social organization more successful. I say that I believe the lowering of interest will help a great deal in this terrible financial crisis through which we are passing. I do not think there is an hon. member but will agree that I am not pleading needlessly for agriculture, when you consider that last year we were selling the products of our soil for 44.9 per cent of what we sold them for in 1926, while the manufacturer if he was selling anything was selling his products at from 72 to 96 per cent of 1926 prices.

Some hon. MEMBERS: Hear, hear.

Mr. ROWE: Mr. Speaker, I am inclined to have less confidence in my argument by reason of the applause I hear from the opposite side.

An hon. MEMBER: Come over here.

Mr. ROWE: If what I said in the former part of my speech met with the same agreement, my hon. friends would come over here. I will say further with reference to the financial crisis that we have been going through that the brunt of it at the present time is being carried by agriculture, the basis of the prosperity of any country, the distress of which is a main factor in the present depression. But I can see no cure in the proposals of those who want to inflate our currency so that no one will recognize it. As we maintain our national financial institutions, maintain the credit of this country, the soundness of its money, and help to pay the obligations of large industrial corporations that a protective policy has built up, I say our quid pro quo should be such as will help us to maintain our position in the future and bring back prosperity to the farmers of this dominion, to the benefit of everyone in the country.

I congratulate the government on the steps which they have taken. I know there is the soldiers' pension reduction, the sugar tax and other little things that might be criticized but I do not propose to go into them. I wish only to warn my farmer friends on the other side—because there are some of them I would like to see come back—when they are considering this proposition of sugar tax and stabilization fund, not to forget the old saying that it is possible not to see the woods for the trees. While maintaining the financial credit of this dominion, we should not forget the reminder of Goldsmith that:

> Ill fares the land to hastening ills a prey
> Where wealth accumulates and men decay;

And I would quote his further warning:

> An honest peasantry, a nation's pride,
> Once destroyed can never be supplied.

I think that indicates Canada's first obligation at the present time. As a farmer myself I am not ashamed to compare the Canadian cultivator of the soil with the bold peasantry of whom Goldsmith wrote. On the other hand, I can say that there are many farmers in this dominion from whom you have not heard. We have had petitions presented by those in the far corner from 6,000 farmers, but we know there are 720,000 more who have not been heard from. We know there have been a few stampedes started and brought to the parliament buildings to embarrass this government by trained agricultural politicians, but most of the farmers of Canada do not require organizations signified by several letters of the alphabet to describe where they stand. The farming class in Canada are still the stable class in Canadian citizenship, and they have stood this test with the same fortitude and loyalty as in other times of trouble. The agriculturists form the great mass of Canadian citizenship, they constitute almost fifty per cent of the population and probably another thirty per cent are intimately dependent upon them. They will maintain sound Canadian citizenship, they will preserve the institutions and form of government that we have enjoyed in the past, and I say to all those interested in good government and who cherish the institutions we have inherited that they need not fear that the rural part of our population will be carried away by these alphabetical new proposals. They are not concerned about sending to parliament members who have searched the alphabet for descriptive letters; these will be sent back home and will never be heard of again while Canadian agriculture marches on into a brighter and more prosperous future.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, this debate has been so intermittent that it is very difficult to get back to the speech of the Minister of Finance (Mr. Rhodes). The minister admitted what he termed the darker elements in the picture, the low level of business activity, the shrinkage of trade, the pressure of low prices and existing debts, the increase of unemployment and the various social costs which it involves. Perhaps no more serious indictment could be drawn against the policies of the government of the last two or three years than those words of the finance minister himself. If it were necessary to add anything by way of illustration I might point out that in a very interesting pamphlet by Mr. J. A. McLeod, general manager of the Bank of Nova Scotia, it is shown that since 1929, Canada has experienced a shrinkage of export trade of sixty-five per cent. Nothing that the hon. member for South Waterloo (Mr. Edwards) said yesterday in his rather elaborate presentation will offset this statement by Mr. McLeod. Further than that, with regard to unemployment may I emphasize the situation which was brought to our notice within the last few days by reports from social agencies of the city of Montreal, which show that one-third of the entire population of Montreal is now in receipt of relief. These are appalling statistics. Again I say no government can very well present its report of the preceding year's work and disregard the effect of its policies as we see them in this huge unemployment which exists all over this country.

The unfortunate thing is that the finance minister indicates no way out—none whatever. In my judgment his budget will intensify rather than ameliorate the evils. It is all very well to admit the difficulties involved in the shrinking of trade; it is all very well to point out the evils of diminishing returns. It seems to me that the situation is as if a man tied a tourniquet around his arm. Gradually the arm becomes numb, the blood ceases to circulate, the fingers are dead, and we ask what the trouble is. Surely one would point out that the bandage was too tight around the arm, and the common sense of the situation would be to release the bandage. In this case, instead of that, the government admits the shrinking of trade, it admits the deadness and the depression, but all it says is, "Give it another twist; tighten it still more; cut off still further the free circulation of goods, make it more difficult still for us to increase purchasing power."

[Mr. Rowe.]

Is not that a suicidal policy? The Minister of Finance said:

> As a nation, Canada is able to take care of her foreign commitments without undue strain. Our financial structure continues intact and our credit remains unimpaired in the markets of the world.

Without being too disrespectful I would suggest that the one word to characterize that is the word bunk. That is the only way to describe these high-sounding phrases. Let me read again what he says:

> As a nation Canada is able to take care of her foreign commitments without undue strain.

Does anyone mean to say that we are not having undue strain to-day?

> Our financial structure continues intact.

Yes, the banks continue intact, but the very foundation of our financial structure is being undermined and we are threatened with bankruptcy. The minister says also that our credit is unimpaired in the markets of the world. Nonsense. Can we float loans in the markets of the world as we have been able to do in the past? It is all very well for the Minister of Finance to get off these high-sounding phrases, but they mean nothing.

> Our banking system has fully maintained its enviable reputation, meeting every demand upon it—

Does the Finance minister mean to say that it has met the demands of the people of this country? I do not think so.

> —and retaining the fullest confidence of the public.

The minister's public must be a very narrow one, because I submit that across the country there are a large number of people who have not the fullest confidence any longer in our banking system.

> The chief concern of our banks would appear to be the difficulty of finding satisfactory outlets for the investment of their surplus reserves.

That is an extraordinary situation. As I take it, the only factors necessary for the production of all the commodities needed in this country are these: First, natural resources; secondly, the equipment with which to work them; thirdly, man power, labour of hand and brain; and lastly, finance, capital, something to tide us over the present. I do not know of any other factors than these four. We have undoubtedly the natural resources, the capital equipment, to produce three or four times what is now produced, and this could be readily extended without difficulty. The only thing we seem to have lacked in the past has been a little financial credit, and now we are told that the banks have so much of it that they do not know what to

do with it. This shows that there is an absolute need of fundamental changes before we can bring about the prosperity for which we all long.

There is a word of wisdom given by the Minister of Finance which I would commend to the house:

> The present crisis is international both in its causes and its effects, and the remedy must be sought in international understanding and cooperation. Slowly, but nevertheless surely, the world is approaching full realization of the fact that the day of national self-sufficiency is past.

I would commend these words to the member who preceded me, but he too hurriedly left the chamber to receive the ovation tendered him because of his partisan speech.

> Slowly, but nevertheless surely, the world is approaching full realization of the fact that the day of national self-sufficiency is past, that an international disease can only be cured by an international remedy.

That is a far cry from the self-contained, commercially independent Canada, as depicted by the Prime Minister in his pre-election speeches. The Prime Minister may be learning, but he is learning at the expense of Canada.

What is there in the budget that would indicate any move towards international co-operation? The Minister of Finance does suggest that we should give support to the world economic conference. But let me ask this: What can the world economic conference do as an independent unit, something apart from us all? It may pass certain resolutions, but before they can become really worth very much they must be implemented by act of all the people attending the conference, by practically all the nations of the world. If any one nation or group of nations stood aside the resolutions of the conference would be worth nothing, and it must be conceded that our government in the past has been travelling in exactly the opposite way to that which would be indicated by the leading economic authorities of the world.

The speech of the Minister of Finance reflects what I have before called the professional optimism of the Prime Minister. The Minister of Finance says:

> I am of the firm belief that we can look forward with complete confidence to better and happier days. We still retain the same rich and varied resources, we are still blessed with those qualities of resourcefulness which are a heritage from our sturdy pioneer forbears.

I wonder that the Minister of Finance can talk about our natural resources. When I attempted to do so the Prime Minister promptly told me that they belonged to the provinces and we could not take them into consideration when dealing with federal affairs. But we are told now that they belong to the provinces.

Mr. GEARY: Perhaps he was speaking as a Canadian.

Mr. WOODSWORTH: When I talked about our natural resources I too might have been talking as a Canadian, but immediately I was told that our natural resources came under provincial jurisdiction. Further than that, I would ask: Who actually owns these natural resources? Outside of agricultural resources, a great many of them were owned by large corporations, many of them American corporations, and therefore they are not immediately available to us. Our policies are cramped because of the ownership of these big concerns by people south of the line. As regards resourcefulness, if we had one-tenth of the resourcefulness of the pioneers we would sweep away this plutocracy under which we now live. We have resourcefulness but it must be directed along different lines because we face a different problem from that of the pioneers.

As I listened to the speech of the Minister of Finance, and as I tried to understand something of the situation in Canada, there was one word that stood out above everything else like a great illuminated sign from which you could not get away—the little word "debts." The Minister of Finance says that the net debt on March 31, 1933 was estimated at $2,599,089,000. The interest on the public debt amounts to $134,971,000 and the deficit on ordinary expenditures is $68,000,000. I would say that this is only a part of our debt, and perhaps we would get a truer picture if we viewed the situation as it is presented in that pamphlet by Mr. W. Sanford Evans, entitled Cost of Government in Canada. The gross debt of the government in 1931, even before the enormous increase under this administration, including guaranteed bonds, was $3,348,975,668; provincial debts amounted to $1,276,629,288 and municipal debts to $1,430,000,000. From approximately $120,000,000 in 1904 the aggregate ordinary expenditure increased to $275,000,000 in 1913 and to the huge total of $920,000,000 in 1931. Adjusted to population the per capita expenditure in 1904 was $19.08; in 1913 it was $36.72 and in 1931 it amounted to $88.68.

Mr. Evans proceeds to bring home what that really means. The average value of all field crops for the five years from 1927 to 1931, which included three years of good prices, was

$866,000,000, while the ordinary expenditures in 1931 alone were $920,000,000. Not only have we had these ordinary expenditures, but almost all governments have been getting by through adding to our debts. Debts have increased even faster than ordinary expenditures, the per capita increase being 147 per cent of the rate of increase in ordinary expenditures. The expenditures in debt service during 1930-31, the last figures given by Mr. Evans, amount to $225,603,554, or one quarter of the entire expenditures. It is an appalling situation. Governments have become vast debt collecting agencies; we exist very largely in order to gather from the little people all over the country huge sums, of which then we turn over a very considerable proportion in the form of interest.

Here is another table given by Mr. Evans. The per capita taxes in 1895-96 were $10.94; in 1904-05 they were $15.98; in 1913-14 they were $31.20; in 1921-22 they were $66.10, and in 1929-30 they increased to $77.08. Taking the census return of 1921, and taking the average family as consisting of 4·62 persons, the average tax per family in 1913-14 was $144.14, while in 1929-30 it was $356.10, or almost two and a half times as much, practically $30 per month. It is all very well for the Minister of Finance to say that we have a sound financial structure. I do not see how we are going to struggle along under this load very much longer.

In a recent number of the Canadian Forum Mr. D. C. MacGregor contributes an article entitled The Threat of Financial Crisis, in which he gives us some idea of what this enormous debt load really means. I quote:

> . . . one-fifth of the national income is being diverted by taxation already, it has almost reached its limit. In order to pay their taxes (which includes paying themselves bond interest), Canadians now work for the common treasury for two and one-half months in every year.

I wish I could have brought that statement to the attention of the hon. gentleman who preceded me. He spoke about little cuts here and there; he tried to show how the advantages derived by the farmer under this budget would offset all the disadvantages in the form of higher taxation on sugar and so on, but just think what our taxes really mean to us to-day. Out of every twelve months we work two and a half months for the state, just in order to pay the taxes. Consider the bondholders to whom we are paying such tribute. I continue to quote:

> During the nineteen twenties the holders of government bonds received four per cent of the national income, and were quite satisfied. To-day they are receiving more than seven per cent of the national income, and with that larger share they can buy from fifteen per cent to thirty per cent more goods than when the bonds were issued. They have gained richly at the community's expense, without rendering any corresponding service in return, due to the catastrophic fall in prices.

Mr. MACKENZIE (Vancouver): Whose words are those?

Mr. WOODSWORTH: I am quoting from an article by D. C. MacGregor which appeared in the Canadian Forum. In connection with this payment of the interest on our bonded indebtedness may I suggest that it is absurd that we should continue to pay a premium to the Canadians who happen to hold bonds payable in New York. I think it a disgrace that a certain group of Canadians should thus profit at the expense of the great masses of the Canadian people. The Dominion Bureau of Statistics estimates that the total of the bonds so held, including only the direct obligations of the dominion, the provinces and the municipalities, is at least $600,000,000. I would suggest to the Minister of Finance that if he wants to raise a little more revenue he should collect that extra premium. There is no earthly reason why Canadians who hold such bonds should not have to subscribe very liberally to the cost of carrying on the affairs of the country.

The situation has become impossible. We might cut down our debts, but that is not suggested at all. Rather the Minister of Finance is intent on as nearly as possible making his budget balance, and he intends to do so by cutting down expenditures. He calls the interest charges on the debts uncontrollable and takes it for granted that they will be paid one hundred per cent. It seems to me that the time is rapidly approaching when we will have to face the cutting down of our bonded indebtedness. This might be done by a reduction in the face value of the bonds; it might be done by converting these bonds so that we would pay a smaller rate of interest, or it might be done by inflation. We in this corner of the house are inclined to think that inflation would be the fairest and easiest way to carry out the operation. It is true that the Minister of Finance proposes a conversion loan, but he says it will be on a basis that will keep faith with the investors and will not in any sense involve a repudiation of existing contracts. I would point out to him that after all the bondholders to-day are receiving practically twice as much as they should receive, because to-day the dollar will purchase twice as much as it would buy when the bonds were issued.

It seems to me, Mr. Speaker, that the position is something like this: I believe that in

Greenwich observatory there is a standard yardstick which is very carefully looked after. It is exactly thirty-six inches in length and is kept free from climatic influences lest it should expand or contract the least fraction of an inch. It is kept steady and unvarying, as a standard. Now let us suppose that I contract with someone to supply a thousand yards of cloth, and of course it is understood that thirty-six inches constitute a yard. Three or four years go by; someone gets hold of the yardstick and stretches it until it is seventy inches in length. Then he demands: Pay me my thousand yards of cloth, and he holds up a yardstick seventy inches long. The Prime Minister would say: Yes, of course, it must be paid, that is a contractual obligation. It is not a contractual obligation. The fact is that the dollar has increased in buying power, and under such circumstances it is only fair in the eyes of anyone who is not obsessed with the legal way of looking at the matter, that the people who own the mortgages, for that is what the bonds are, should receive back the real purchasing power of those mortgages or bonds at the times the debts were contracted.

Moreover, when the minister talks about keeping faith with the investors, I ask: What about keeping faith with our Canadian pioneers who put their all into this country? What about keeping faith with our pensioners who at the call went over to Europe and risked their lives, and who are now finding their pensions cut down? What about keeping faith with the ordinary farmers and labour people throughout Canada who are having their incomes very seriously reduced? Why should the bondholders not take their share of the losses and the depression? They are the only class that is exempt to-day. The Minister of Finance, in speaking of the high credit position of Canada, said:

> This enviable position has been and can be held only by the maintenance of sound financial and monetary policies. . . . Let the sponsors of inflation never forget—one inevitable result would be a flight from our dollar, a withdrawal on a large scale of the capital invested by foreigners in this country in the form of securities and bank deposits—against policies which might lead to such dangers, this government has resolutely set its face.

I do not suppose my personal opinions would avail very much in opposition to those of the Minister of Finance, but let me read the remarks of Mr. McKenna to the shareholders of the Midland bank as recently as March last. He said:

> The national finances are certainly better in countries where the persistent fall in internal prices has been arrested than in those where through adherence to gold it is still continuing. Separation from gold is no longer a sign of budgetary disorder; adherence to it is not longer a distinguishing mark of sound national finance. . . . Controlled inflation, from being the remedy of fools or knaves, has become widely regarded as the best available solution of our troubles.

Mr. COOTE: Who said that?

Mr. WOODSWORTH: Right Hon. Reginald McKenna. Of course, if we in this corner say this, we are called the wild men from the west and I suppose the hon. member for South-east Grey (Miss Macphail) will be called the wild woman from the east.

Some hon. MEMBERS: Order!

Mr. WOODSWORTH: I hope that is in order, Mr. Speaker. I should like to repeat these words of Mr. McKenna:

> Controlled inflation, from being the remedy of fools or knaves, has become widely regarded as the best available solution of our troubles.

Confirming that, Mr. H. G. Hawtrey, a treasury official, said this:

> The evil consequences of uncontrolled inflation are definitely surpassed by the evils of deflation.

Mr. COOTE: Would the hon. member mind telling us who Mr. McKenna is?

Mr. WOODSWORTH: He is chairman of the Midland bank, a former chancellor of the exchequer, and in order that it may be realized he is quite respectable, I may say he is a member of the board of directors of the Canadian Pacific Railway Company.

The Prime Minister the other day gave us a very elaborate dissertation on gold and emphasized that our money was well taken care of by the gold coverage. I do not suppose my words would avail against those of the Prime Minister, who is supposed to be omniscient, but I would like to quote as against his position the words of another Conservative, the Right Hon. Arthur Meighen, a former Prime Minister. In an address before the Bankers' Educational Association of Toronto on January 21, 1931, Mr. Meighen said:

> Under the Finance Act of later years, our government was authorized to advance to banks against specially named classes of collateral government notes by way of temporary loans and no provision was made for a gold reserve against these notes. . . . As to the money advanced under the Finance Act it is indefinite, consequently loans of unstated amounts, without limit, depending wholly upon the discretion of the Finance department, can be made without a gold reserve.

The Prime Minister said nothing whatever about these advances under the Finance Act. I do not know whether it would be quite fair

to him to say that he studiously avoided such a reference. Let me read from section 6, part II of the Finance Act:

> Such securities shall be deposited with the minister or with an assistant receiver general; and the minister may request the trustees of the central gold reserves to make a valuation of and recommendation as to the amount which in the judgment of the trustees may properly be advanced on any securities offered in pledge under this part.

I ask: Who are these trustees that are given such enormous powers? Subsection 4 of section 61 of the Bank Act reads:

> Appointment of trustees. Central gold reserves.
> 4. The association may, with the approval of the minister, appoint three trustees and the minister may appoint a fourth trustee.

The other day I asked the Prime Minister as to who the trustees at the present time were and he replied to me, as reported on page 3511 of Hansard:

> The trustees are the Royal Trust Company, the Bank of Montreal and the Royal Bank of Canada.

The Royal Trust Company is, I think, generally considered to be more or less a subsidiary of the Bank of Montreal, so that apparently the Bank of Montreal and the Royal bank are the two who determine what advances shall be made under the Finance Act. The people have nothing to do with the matter; the gold reserve has nothing to do with it. Let me repeat this sentence from Mr. Meighen's speech:

> Under the Finance Act of later years, our government was authorized to advance to banks—

Not to municipalities, although the banks may offer municipal securities.

> —against specially named classes of collateral, government notes by way of temporary loans and no provision was made for a gold reserve against these notes. . . . As to the money advanced under the Finance Act—

Listen to these words:

> —it is indefinite, consequently loans of unstated amounts, without limit, depending wholly upon the discretion of the Finance department, can be made without a gold reserve.

If that be true, I submit that much of what the Prime Minister said the other day was absolute nonsense. Without any undue reflection upon the Prime Minister, I say that those statements of Mr. Meighen read in conjunction with the Finance Act indicate clearly that my right hon. friend's contention that we had for all our money a sufficient gold reserve was—well, parliamentary language fails me!

[Mr. Woodsworth.]

I should like to reply briefly to what was said the other day with regard to myself by the Minister of Trade and Commerce (Mr. Stevens). He will forgive me for replying to him in his absence, as he spoke in my absence. The other day I made this statement with regard to the Farm Relief bill:

> If we give great powers to the Dominion government and they proceed to use those powers in order that the banks and insurance companies may write up and keep written up their assets, and in order that loans may be made to the railways, I would say that the result will be disastrous indeed for this country.

I am quite prepared to stand by that. But on the basis of that statement the Minister of Trade and Commerce had this to say about me, at page 3470 of Hansard of March 28:

> Why does the government, he asks, safeguard insurance companies when the people of this country are out of work.

That is something I did not ask. He went on to say:

> This is the utterance of a demagogue.

In the first place he puts words into my mouth which I did not utter, and then he characterizes me as a demagogue. As a matter of fact, what I was at the time protesting against was this, that the government under the Unemployment and Farm Relief Act, as has been time and again pointed out, did use their powers not merely to give relief in the drought stricken areas in Saskatchewan and to the unemployed, but also to allow the writing up of the assets of the insurance companies. I submit I am perfectly justified in resenting that being done under that kind of legislation, and in so doing I do not think I can be classed as a demagogue.

The Prime Minister himself in introducing the legislation last year with regard to insurance companies admitted:

> A more stringent restriction of investments by life insurance companies is desirable.

And, speaking particularly of the Sun Life, he said:

> As to the wisdom of some of the investments . . . they are not investments that I would make.

I am not at this time going to refer to the plea that we put up some years ago for the mutualization of the Sun Life. I am not going to deal particularly with the large dividends and big salaries enjoyed by the officials of that company. I am not going to go into the rather shady transactions of the officials of that company in connection with the Kreugers and the Insulls, but I do urge that when I suggest it is dangerous to give powers to the government when the govern-

ment may use those powers in connection with an insurance company, especially with insurance companies of this class, I have a right to resent being called a demagogue. I suppose there is no use bandying words. I might, I suppose, call the Minister of Trade and Commerce a "plutogogue." I do not know whether that is parliamentary or not; I think it would be, since I do not think the word is in the dictionary. But where do we get with that kind of thing?

I have hardly time to go into the details of the budget; this may possibly be done at a later stage. But as I see the matter, the budget on the whole will tend to retain for the wealthy their wealth, and at the expense of heavier taxation upon the poor. The Minister of Finance decreases the income tax exemptions. He said:

> It is felt that higher rates of taxation could not reasonably be imposed, bearing in mind not only the depleted incomes out of which the tax must be paid but also the fact that in some provinces the same incomes will be subjected to further levies for provincial and/or municipal purposes.

That is a very nice doctrine for those in receipt of large incomes, but may I point out that indirect taxes, like the tariff and the sales tax, repeat themselves over and over again; in fact, they pyramid themselves. Look for a moment at the income tax exemptions and the increases that have thus been made in the tax. Take the case of a married man with two dependent children. His tax at varying salaries, would be as follows:

Income—	1932 tax	1933 tax	Percentage increase
$ 3,000	.....	$ 6	—
4,000	$ 12	38	220
5,000	32	80	150
6,000	58	132	130
10,000 (including surtax)	275.10	462	70
20,000 (including surtax)	1,545.60	2,005.50	30

That is, in the case of a man with an income of $20,000, under the new regulations, the tax is increased by 30 per cent, whereas in the case of a man receiving an income of only $4,000 his tax is increased 220 per cent. I thought it was bad enough last year when the government proposed to make an equal cut on everybody, because whilst the cut might have been 10 per cent all around, actually it was not equal in its effects, because it is not so much the actual percentage or the actual amount taken, but what a man has left, and 10 per cent on the little man means a great deal more than 10 per cent on the big man, so far as his power to pay is concerned.

The ACTING SPEAKER (Mr. Geary): The hon. gentleman's time is up.

Mr. WOODSWORTH: But this is worse, because there is an increase in taxation in which the percentage decreases when it comes to the men of larger means.

Mr. SAMUEL GOBEIL (Compton): Mr. Speaker, I had not intended to participate in the budget debate this year, but as the budget deals largely with farm products, and coming as I do from a constituency largely composed of farmers, I felt it my duty to express to the government my appreciation of what has been done to further the interests of that class of our citizens. I do not wish to take up much time, and for that reason I shall not spend the usual time in paying compliments to the hon. Minister of Finance (Mr. Rhodes) for the able manner in which he presented his budget.

This is not a political budget; it is a business man's budget. Taxes are never popular. In critical times such as those through which we are now passing revenues have to be found and consequently taxes must be imposed. But in this budget most of the taxes will fall on those who are best able to bear them.

The government deserve to be complimented for some of the measures they have brought down. First of all I would mention the stabilization of the pound for duty purposes at $4.60. I am sure that this provision as applied to some of the exported products of the farm will prove of great benefit to producers of that class of goods and will do much to stimulate the farming industry in this country and have a beneficial effect on trade in general.

I shall not undertake to analyze all the various features of the budget, as I do not feel qualified to do so. I shall confine myself to agricultural questions, and I desire first to make a few remarks on the dairy industry, and more particularly on the present butter situation in Canada. Hon. members opposite, from their leader down to those who sit on the same row of benches that I myself occupy on this side of the house, are very much divided on many of the questions that come before this house, but there is one question

at least on which they are closely united. It is that one particular argument that has been so frequently used against this government, namely that of decreasing commodity prices. More particularly has that argument been raised in connection with butter prices. How many times has this house listened to these words: "Butter was selling for so much in 1929, but in 1931, 1932 or 1933—as the case may be—"it is only so much."

Mr. SPEAKMAN: Or so little.

Mr. GOBEIL: I did not hear what the hon. member said. I do not object to hon. members using that argument, if they wish, until the next general election. I feel quite sure that such an argument will not lead them out of the valley of humiliation. Unless they have made up their minds that they do not wish to come back to the house after the next election I really cannot understand why they still use that argument. In the first place it will do them no good, because Canadian dairy farmers are not fools. This argument is certainly the poorest hon. members opposite could put forward. There is one way and one only of establishing relatively high or low prices on any one commodity, and that is by comparing the price paid in Canada with that paid in other countries where it is produced or sold. Every Canadian knows that a comparison of present prices with those obtaining four or five years ago is a childish and ridiculous procedure. People outside the house would not dare do it, but it would seem that hon. members opposite have not abandoned the practice. Outside the house we never hear such comparisons, because they cannot be substantiated by facts. Hon. members opposite cannot mention one country in the whole world where commodity prices are the same to-day as they were three or four years ago. There remains, however, the infallible method of comparing the prices paid in other countries with those paid in Canada. If we follow that method, in what position does Canada stand to-day?

Speaking in this House of Commons on October 20 last, I placed on Hansard some comparative butter prices on the three markets in which we are interested. I refer to the markets in Canada, the United States and Great Britain. The quotations I gave at that time were for different months in the years 1930, 1931 and 1932. I am sorry that at this time I find it necessary to repeat them, but I feel I will be justified in so doing, and for that reason shall place them again on Hansard. My purpose in placing these figures before the house is, in the first place, to show that there has been a change in butter prices not only in Canada but in the other two countries, and, in the second place, to show that the Canadian position has been improving. The following is a comparison of butter prices in the three markets I have mentioned:

	Canada	United States	England
June, 1930	27.13	32.93	28.02
July, 1930	27.59	35.24	28.95
August, 1930	28.67	38.92	28.53
December, 1930	28.63	32.18	23.43
January, 1931	30.80	28.50	24.11
February, 1931	31.61	28.50	25.74
March, 1931	31.13	28.88	25.32
March, 1932	26.31	22.61	18.94
April, 1932	20.06	20.04	19.38
May, 1932	16.81	18.83	17.81
August, 1932	19.21	20.31	17.81

Speaking a few days ago the hon. member for Sherbrooke (Mr. Howard) placed a few figures on Hansard. He gave the prices of butter for the months of January, February, November and December of 1932. I shall not dispute his figures; I take it for granted they are correct, but they are not for the same months as the figures I gave. I quite agree with the hon. member that since the winter of 1930, Canadian prices have been fluctuating, bringing about a condition under which in some months the United States prices were higher and in others Canadian prices were higher. On the whole, however, Canadian prices gained. The hon. member gave figures which would indicate that in the four months there was a margin in favour of United States prices of anywhere from two cents to three cents per pound. But he went farther than that. In reply to a question asked by the hon. member for Stormont (Mr. Shaver) he gave the following figures for 1928:

	Canada cts. per lb.	United States cts. per lb.
January, 1928	35.50	48.90
February, 1928	36.50	46.50
November, 1928	39.90	50.70
December, 1928	40.60	50.80

This was a comparison of Canadian with American prices for some time back, showing a difference of anywhere from five cents to ten cents per pound in favour of American prices. Since the winter of 1930, however, the difference has very often been in our favour, and seldom in favour of the United States farmer.

May I remind the house that several hon. members opposite have referred to my remarks of October 20. I refer particularly to the hon. member for St. Johns-Iberville (Mr.

Rheaume). I am sorry he is not in his seat. On October 25 last, referring to me, he made the following statement:

During the speech of my good friend from Compton he has declared that the farmers of this country should be proud of the prices they are obtaining for their butter, and I defy the member for Compton to go and repeat these words in his county.

Let me tell him that I never uttered such words, and the hon. member knew it when he said it. He knew it because he referred to Hansard, and he had only to refer to page 416 and he would have seen that what I said was this:

It will be seen, Mr. Speaker, that the action taken by this government on behalf of Canadian farmers has resulted in our farmers getting more for their butter than are the farmers of any other country in the world.

I wish to point out that the hon. member for St. Johns-Iberville, deliberately misquoted me; he sought to put in my mouth words that I never uttered. But I remind the house that he did not dispute the figures I gave; neither did any other hon. member opposite, because they were the correct figures. He challenged me to go back to my constituency and say words that I never pronounced here. I challenge the hon. member—well, perhaps I should not say that, because the hon. member for St. Johns-Iberville has proven that he can say anything; but I defy any hon. member to prove to the house that the figures I gave on the 20th of October last were not accurate figures for the month I mentioned.

What has been the situation in regard to butter in Canada since I gave these figures, and what is it to-day? The condition has continually improved, so much so that to-day there is a difference of between six and seven cents in favour of Canada as compared with United States prices and over ten cents a pound as compared with London prices. Let me read to the house some short comments made by two Montreal papers on the butter situation. These comments were written after the answer given by the right hon. the Prime Minister to my question relative to New Zealand butter en route to Canada a few days ago. Le Bulletin des Agriculteurs dated the 21st of March made the following comments:

Last Monday answering a question of Mr. Sam Gobeil, Right Hon. R. B. Bennett gave assurance to the house that these importations of butter would be controlled under the terms of the treaty with New Zealand because he considered these importations prejudicial to the dairy industry. The occasion seems to be favourable to examine what that protection that some are trying to discredit is actually worth to us. Without this treaty and the protection that it affords us butter would sell to-day in Canada for 16 cents per pound, the price of butter is actually 18 cents in United States or 22 cents in Canadian funds, on the English market the best New Zealand butter is selling to-day for 14·54 in Canadian funds.

These, Mr. Speaker, are the comments made by that newspaper in Montreal which since its foundation has been looked upon by the farmers of the province of Quebec as the watchdog of their interests. But if some hon. members think that the opinion of this newspaper may not be impartial, let me give them now the comments of the Liberal organ in the city of Montreal, Le Canada, on the 21st of March. I have the newspaper article here, and this is a translation:

New Zealand has always the resource of directing her butter to another market. There is no question of denouncing the treaty between the two governments. Their butter enters Canada by paying a duty of 5 cents per pound. The price of butter in Montreal to-day is higher than in New York, and even much more than the English price where New Zealand sells nearly all her butter. The highest price in Montreal to-day is 25 cents, in New York Saturday the price was 18 cents or 22 cents in Canadian funds. The average price paid on the English market for the best New Zealand butter is 14·54 in Canadian funds, so that, lacking action by the government, it would permit New Zealand to flood our market with butter, and would smash the prevailing present prices.

Now, sir, could there be a better compliment paid to this government than that? And it is paid by one of the greatest Liberal newspapers published in Montreal. Do hon. members opposite believe that such a happy condition was brought about by chance? I know they are not so narrow minded, they know better, but so does the Canadian farmer. The Canadian farmer knows that this situation was brought about largely by the efforts of the hon. Minister of Agriculture in 1930, by his constant supervision of the market, and by the arrangement arrived at by which no foreign butter would be offered for sale in Canada for less than 31 cents during the winter of 1930-31. It was brought about by the foresight of this government when the New Zealand treaty was drafted, the terms of which permit this government to take action, as it will on this occasion, without endangering or cancelling the whole treaty; preventing the flooding of our country with large quantities of butter and lowering our price to the London price. If hon. gentlemen opposite were in power to-day or if the same condition that existed in 1930 were still prevailing, as this Liberal newspaper said, the price of butter in Canada would be that of

London, that is around 15 cents a pound. If hon. members opposite dispute that statement I invite them to explain the difference. How is it that to-day there is a difference of 10 cents a pound between the Canadian and the London price? What would stop New Zealand from selling butter here at the same price as they sell it at in London if it were not for the five cent duty and clause 4 of the treaty?

The hon. member for Dufferin-Simcoe (Mr. Rowe), speaking a litle while ago said that in times of adversity Canadians called the Conservative party to power. My hon. friends opposite sneered at that. I will go further, I will say that had Canadians failed to call the Conservative party to power in 1930 Canada would be bankrupt to-day. It would be a calamity.

Mr. HOWARD: On what do you base that statement?

Mr. GOBEIL: It is all very well for my hon. friends opposite to smile, but let them explain how it could be otherwise if we still had an adverse balance of trade of $240,000,000 a year. If this government had not had power when England went off the gold standard to stop the export of gold, would not this country be bankrupt? Although the position of Canadian dairy farmers is not too rosy, where would they be to-day if they had to sell their butter at 16 cents as they would if my hon. friends opposite were in power? Does that mean that the Canadian farmer gets enough for his butter or that he is producing at a profit? Not at all. It means, however, that on the return of normal conditions, if the farmer producing butter enjoys, as no doubt he will, the same happy conditions that he enjoys to-day, he will find himself in a favourable situation such as has never existed before in Canada, and it will be entirely attributable to the action of this government.

This is only one class of commodity; let me deal with one or two other items. Let me take for instance cattle, to which the hon. member for Dufferin-Simcoe (Mr. Rowe) referred. How would hon. members opposite explain that under such depressed conditions as we are experiencing now we had exported to England from January 1 to March 23 last 7,863 head of cattle as compared with 409 last year for the same months, and nothing when my hon. friends were in power. Since March 23 last two or three cargoes have left Canada, but on that date the number of cattle we shipped out was 7,863. There was another item I wanted to refer to, and if I have time I shall deal with it before I get through.

I would not want to finish these remarks without saying a few words with regard to the question of trade agreements with the United States. I listened with much interest the other day to the speech made by my hon. friend from Shelburne-Yarmouth (Mr. Ralston) and I am bound to say I had to smile at some of his remarks. He spoke, and others since then have spoken in the same way, as if it depended on this government alone to enact satisfactory trade agreements with the United States. I am not going to give the history of the negotiations between the two countries under the Liberal regime between the years 1896 and 1930. No better picture can be given of it than was given in the speech made by my right hon. leader on February 20. May I be permitted however to quote one paragraph from a speech made by Mr. Fielding in 1910, when he was Minister of Finance in the government of Sir Wilfrid Laurier:

> We had had negotiations from time to time with our American friends in relation to better trade conditions, and they had not turned out very successfully. We had, after repeated efforts, taken the ground that we should not again approach the United States with proposals for betterment of our trade relations, and that, if the matter was to be reopened again, it should be reopened, not upon the initiative of Canada, but upon the initiative of the United States. Accordingly, we declined to make any approach to the United States while the question of the French treaty was pending.

Since that date the government headed by the right hon. gentleman who is now leader of the opposition held power for nine years, and what did they do to bring about better trade relations with the United States? Nothing at all. Did they try to do anything? Hon. members opposite know that better than I, but if they did their efforts have been absolutely fruitless. I will go further and say that during those nine years the duties imposed by the Americans have been constantly increasing; they have been raised to such a point as to become absolutely prohibitive. I would quote some figures given to this house by my hon. friend from Vaudreuil-Soulanges (Mr. Thauvette), who I am sorry is not in his seat. These figures can be found at page 663 of Hansard of this session. The hon. gentleman was trying to convince the government that before the treaty for the deepening of the St. Lawrence was passed the government should see to it that better trade agreements were arrived at. If he were here I would tell him that

this might very well be brought about without his advice. On that occasion however he made a more telling criticism of the late government than any Conservative member could. He was comparing exports to the United States in 1921, when the rates were very low or practically free, with those of the year 1931, under present duties. Of course, I can very well understand the hon. member quoting 1931 instead of 1930. He was trying to make the house believe that this government was responsible for part of that change, although he knew very well that between 1930 and 1931 not one change had been made except on lumber, to which he did not refer, so far as the American tariffs are concerned. So that he might have quoted the 1930 figures; it would have been the same. Exports of live stock in 1921, under free entry, according to the hon. member, amounted to $21,240,000; and in 1931—one might read 1930—they amounted to $764,000. As regards sheep, in 1921, under free entry, the amount was $1,676,000, whereas in 1931 at $3 per head the amount was $244. In wheat, in 1921, without any duty, the amount was $101,997,000; and in 1931, with a duty of 42 cents per bushel, the amount was $6,580,000. In butter, the amount in 1921, at 2½ cents per pound, was $2,294,000; and in 1931, at 14 cents per pound, it was $20,000. Maple sugar in 1921, free, amounted to $1,122,000; and in 1931, $310,000.

Mr. LACROIX: What about 1932?

Mr. GOBEIL: The hon. member can easily find the figures. He knows very well that we have gained since 1930—I am not going to say how much.

Mr. LACROIX: On maple sugar?

Mr. GOBEIL: I say we have progressed as an exporting country; we have advanced from twelfth to fourth among the exporting countries of the world. Is that sufficient for my hon. friend?

Mr. LACROIX: No, it is not; there were no exports of maple sugar.

Mr. GOBEIL: I do not think my hon. friend can indicate another country in the world that has done so well during this period of depression. I have shown the results of the nine years of power of hon. gentlemen opposite; I have shown the condition in which this government found our trade relations with the United States in 1930. The hon. member for Vaudreuil-Soulanges went further and gave the adverse balance of trade with the United States as $323,000,000 in 1929. Fortunately for Canada, and for my hon. friend opposite who has been interrupting me, that condition does not exist to-day. I only speak for myself as representing the county of Compton, but I feel confident that this government is prepared favourably to consider any trade proposals or suggestions which may be made by the United States that would be to the mutual advantage of both countries. I am also confident, however, that this government does not propose to follow, and will not follow, the policy adopted by the right hon. leader of the opposition (Mr. Mackenzie King) during the years he was in power, when he was so much afraid lest any member of this house should say anything that might annoy the Yankees.

A few moments ago I said I should like to mention another matter; I could mention several, but the point I have in mind is rather personal. First let me say a word with regard to our exports of canned goods to Great Britain. Unfortunately I have not the figures with me. I went to secure them to-day, but I had no idea that I would have anything to say this week, and the figures will not be ready until Friday. I do know, however, that our exports of canned goods have increased very materially. I have in mind one item for which I can give the round figures. In 1931-32 we exported some 47,000 cases of canned apples, while last year we exported about 71,000 cases. This is only one item and there are several others I could mention.

Mr. HOWARD: Following the remarks of the hon. member, would he suggest that the farmers in the county of Compton are as well off under this regime as they were under the Liberal government?

Mr. GOBEIL: If my hon. friend from Sherbrooke (Mr. Howard) can show me one farmer anywhere else in the world who is as prosperous to-day as he was in 1926 or 1927 I will show him one in Canada. I claim that in the British market we have a wonderful opening for canned goods of all kinds. The market is unlimited; even if our Canadian farmers went into the canned goods industry to the fullest possible extent for the next ten years they could not supply it.

Now I should like to refer to a somewhat personal matter. I am sorry to have to do so, because this really does not concern the house at all, but I feel that it is necessary after the repeated insinuations—I will not say attacks because the gentlemen who made the insinuations were not brave enough to make what I

would call attacks—from the other side of the house at different times in connection with strawberry preserves that were sold the Canadian National and Canadian Pacific by Joseph Gobeil, who happens to be my brother. I feel that I must give the house an explanation, which I am sure will satisfy every hon. member that this matter should not have been brought up in the first place. Before doing so, however, let me say that I am proud of that little home industry, without regard to who owns it; I believe there should be an industry such as this in every community and every parish. It happens in this case that the owner was my brother, but would the house suggest for a moment that because he happened to be my brother he had no right to sell preserves to the railways? This is a home product, Mr. Speaker, that is not surpassed anywhere. Every hon. member knows the difference between cultivated and wild strawberries, and the best proof I can give the house as to the quality of the product is the fact that my brother receives orders from as far west as Saskatchewan and British Columbia. When the hon. member for Temiscouata (Mr. Pouliot) raised this question in the house some two years ago the committee on railways and shipping was sitting. At one of the meetings of that committee I asked Sir Henry Thornton for an explanation, and two or three days later Mr. Vaughan, general purchasing agent of the Canadian National, gave me this statement, which I will read to the house without comment:

In the House of Commons on April 1, Mr. Jean-François Pouliot stated that the Canadian National was charging 25 cents per jar for a while for strawberry preserves made by Jos. Gobeil, when the price for an excellent product put up by E. D. Smith & Son is only 15 cents.

Mr. Pouliot said that the Gobeil preserves is a "vicious stuff."

He intimated that the Gobeil preserves are bought through the Stadacona Sales Company of Quebec.

These preserves are made of wild Canadian strawberries, and were first brought to the attention of the general manager of the Canadian National hotel and dining car department in June, 1931. A trial order was placed with Mr. Gobeil on July 7, 1931, for 190 dozen of 3 ounce size at $1.20 a dozen and distributed to Halifax, Quebec, Montreal and Toronto.

The trial preserves met with considerable favour with the travelling public and were finding a ready sale. It was found, however, that the 3 ounce size was too small to make a proper serving, so the next order placed with Mr. Gobeil on October the 23rd, was for 100 dozen of 5 ounce jars at $1.50 a dozen, which was the price he had originally quoted for the 3 ounce jars. These prices included delivery at Montreal.

On December 4, 1931, another order for 96 dozen of the 5 ounce size was placed.

[Mr. Gobeil.]

There is very little of this stock left, and a fresh supply will not be available until after strawberry picking time about the first of next July.

In Mr. Pouliot's remarks regarding prices, the comparison made is between preserves and jam which are quite different.

The statement was made that the jars used by E. D. Smith & Son are of the same size and shape as those used by J. Gobeil: if that is so, Smith's sample must have been from some very old stock, as the last order given by the dining car department to E. D. Smith & Son for preserves was placed on July, 1925. The order preceding immediately the Gobeil order for strawberry preserves was placed on December 26, 1929, with Canadian Canners Limited and was put up in 3½ ounce jars.

All jam is put up in 3 ounce jars (government standard) and sold in dining cars at 15 cents a jar. All preserves are put up in 5 ounce jars and sold at 25 cents.

Bids were issued by the Canadian National on March 21, 1931, and on three items, namely strawberry, raspberry or peach preserve the E. D. Smith & Son Company did not quote, their bid reading "Sorry do not pack." The only quotations on these items were by Canadian Canners Limited at $1.40 a dozen and Wagstaffe Limited $1.28 per dozen. These quotations were for cultivated strawberries which do not compare in flavour with wild strawberries.

The price submitted by E. D. Smith & Son on strawberry and raspberry jam in the bid referred to was 15 cents a dozen more than one submitted by the Old City Manufacturing Company of Quebec who are supplying Canadian National requirements.

Many favourable comments have reached the dining car department regarding this wild strawberry preserve. One gentleman remarked that it is the best jam or preserve featured by the railway. The product is a good seller and many patrons of dining cars have asked where the product could be bought for their homes. There have been no complaints.

The product was submitted to Milton & Hersey & Company (chemists) for analysis. The report was as follows:

"We have completed the analysis of sample of wild strawberry preserve with the following results:

Weight of contents	4.2 oz.
Water	35.2 %
Per cent of sugar	21.1 %
Fruit substance	43.7 %"

This material consists solely of wild strawberries, without the addition of any other fruit or fruit substance. It has a good flavour and is well made. The weight is a little greater than that claimed.

The orders for the preserves were made direct with Joseph Gobeil, and not through the Stadacona Sales Company.

I must apologize for taking up the time of the house in reading this statement, but I feel sure hon. members will realize that I had to read it in view, as I said before, of repeated insinuations. As long as those inferences were made by the hon. member for Témiscouata only I did not object very much to them; I was even pleased at the free adver-

tising for my brother and I did not object for the reason that clowns are never taken seriously, but—

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. W. J. LOUCKS (Rosetown): Mr. Speaker, I feel happy to have this privilege as a farmer and representing an agricultural constituency, to congratulate the Minister of Finance (Mr. Rhodes) on his budget, I do so, first, because of the royal commission which we are promised, to investigate banks and currency and, second, because of the creation of an agricultural stabilization fund. Let me dwell on the latter for a few moments. I realize that probably some hon. members from the east may feel that we in the wheat growing area are not so much concerned with the thirteen items mentioned in the stabilization fund, but I should like to assure the house that I am very much interested in the stabilization fund in regard to the thirteen items mentioned, more particularly as regards the production of cattle and hogs. I have four miles from my home, a neighbour who is feeding over 200 head so he can regard with pleasure and satisfaction the fact that the government of Canada is taking action in connection with a stabilization fund. Just imagine what it will mean to this particular farmer on over 200 head of cattle this spring, when he gets $4.60 on the pound sterling! Therefore I am glad to be here to endorse the budget in connection with the stabilization fund. I shall not take time to enumerate all the items mentioned, but they refer to agricultural products.

This shows vividly that after all the criticisms that have been offered, our government have the vision that we must start with agriculture if we are going to get out of the great depression in which we are at present. They have taken these items as a beginning. Some hon. members have offered criticism because the stabilization fund did not cover all commodities, but why should we criticize for that reason? It is a step in the right direction; it covers commodities produced from one end of the country to the other, and the very fact that the government has established this fund shows that it realizes that we must assist the basic industry of this country if we are to get out of the depression.

The hon. member for North Winnipeg (Mr. Heaps) is not in his seat, but if he would turn a little more of his attention to agriculture, he might be more hopeful of a solution of the unemployment problem, because if agriculture could be brought back, many of those at present unemployed would find employment. I do not think I would be extravagant were I to say that in Saskatchewan, if we could only come back to former conditions and have a fair return for what we are producing in that province, we could take care of 100,000 of the unemployed. That in itself would help, and when one considers the nine provinces and the relationship between their populations and the situation, one might well feel we could go a long way towards ending unemployment if we could bring agriculture back to normal. I think we are now pursuing the right course along that line.

We are at present investigating the milk situation. I see the hon. member for Brome-Missisquoi (Mr. Pickel) has just left the chamber, but I remember at the beginning of this part of the session he introduced a resolution to divide the agriculture committee, the east from the west, because he was convinced that the west was concerned with wheat and wheat only. I think he is assured now that the west is just as much interested in agriculture in general as is any other part of the dominion. As one of the members of the committee on agriculture—and I am not bringing in a report—I may say that there have been some very startling revelations. From what has been revealed before the committee, I wonder how the dairy farmer exists at all. When, as has been shown by at least one witness, a man can start out with an old milk wagon and a horse and become a multimillionaire, while all the farmers are going bankrupt, it is time we tried to find out how such things can be.

I make the statement that I feel, before we are through with this inquiry, we should investigate the packing plants. I should like to see the stockyards investigated, because there is something there that is worth while studying. Before leaving home I was informed that the stockyard at Saskatoon was charging at the rate of $40 a ton for hay and $40 a ton for oat chop, while oats are selling for ten cents a bushel and hay is very low. The stockyard is charging the same prices now as it charged when it went into business. As the price of wheat has gone down, the farmers are going more into mixed farming and they are making more shipments to the stockyards. I am sure, before we are through with this inquiry, we shall go further into the investigation why the middleman at this time, in our opinion, is exploiting the agriculturist.

I want to deal with interest rates for the farmer. I heartily endorse the suggestion that has been made in this house that there

must be a reduction in interest rates because it is impossible for the farmer in western Canada to meet the interest charges that are being piled up against him. I have been twenty-eight years in that country and I have never yet been able to borrow money from the banks at iess than eight per cent, and I think that is true of most of the farmers out there. The mortgage companies are not reducing their rates; they still hold out for eight per cent compound interest, and the banks are doing the same. I am therefore glad that the government has appointed a royal commission to investigate banking and currency questions, and their investigation will undoubtedly include interest rates and the other questions I have mentioned. The action of the government in that respect will be appreciated by the people of this country. If there could be a reduction in interest rates, it would give hope and encouragement to agriculture. I think it might be possible to recommend that interest be thrown off for a year or two. The Canadian Pacific Railway Company threw off the interest which the farmers on their lands were paying two years ago, in order to give them a little encouragement, and at the very least I do not see why the mortgage companies could not reduce their interest rates.

There is another question I wish to speak about, and that is the cost of agricultural implements and repair parts. The farmers are demanding to know why agricultural implements and repair parts are as dear as they are to-day.

An hon. MEMBER: You had better come over here.

Mr. LOUCKS: I think it is time that question was investigated. I remember that when I bought my first binder out west in 1906, a Massey Harris binder, it cost me $170. In 1907 I bought my second binder, and it cost me about the same. What do we find to-day? Binders are costing all the way up to $290. I mention that to show how the price of our implements has gone up while wheat is selling at practically the lowest price in history. I can tell you that very few binders were sold in our town last year. There was only one purchase, and the purchaser told me that he bought it on a two-year term and that it cost him $295. That is a ridiculous price to have to pay at this time. I remember that in 1905 I bought a John Deere 14-inch gang plough, with breaker bottom, and the price was $101. To-day it costs around $200. Those are excessive prices, and the farmers are asking why they should have to continue to pay these prices when their products are selling so low. I know that the farmers say that it is easy for the manufacturer to close his factory and lock up his door. But the farmer cannot do that. He must continue. It would be pitiful for the people of this country if the farmer ceased to produce.

Last summer before harvest I had occasion to buy repairs for a combine. I needed a new table canvas for my combine. I do not know whether some hon. members know the nature of a canvas for a combine. The length of that canvas is 33 feet or twice 16½ feet. I asked the price, and the agent wanted $93 for a canvas. I said, "You are crazy; surely you do not mean that." "Oh, yes," he said, "that is the price." I said, "That means at least three hundred bushels of wheat to pay for the canvas." He said to me, "Mr. Loucks, you go over to that tent-builder over there. He repairs canvas and he may be able to do something with that old table canvas of yours." I went over to the tent-builder, and I got a price on duck to rebuild my canvas, and the price was $11 for the duck to put on a new table canvas. Then I went to the hardware store and bought $2 worth of rivets, so altogether it cost me $13. I have a boy who is quite a mechanic, and he fixed it up. So I paid $13 for a table canvas for which I was quoted a price of $93 by the dealer. Such a price is ridiculous. All that was left outside of the canvas were the slats and four strips. If the manufacturer had charged me $25 for the labour, that would have been quite sufficient.

I might mention another thing, the bill hook for a Massey Harris binder. I do not know whether some hon. members know what a bill hook is, but it is self-explanatory; it is a bill with a hook on it. We have always paid $1.60 for a bill hook, and this year for the first time in my twenty-eight years out west I had to pay $1.75. Is it any wonder that the farmers are asking, why should this thing be? Imagine the number of bushels of wheat it takes to pay for a bill hook for a binder to-day, and you have to replace bill hooks quite often.

Some hon. members may say that it is the tariff that is causing the increased price. But I take issue with that. It is not the tariff. I was down in Montana on the first of January and I got prices on an International binder, an International drill, and on different implements; and I found that right in the state of Montana prices are about the same as at Delisle, Saskatchewan. So it cannot be the tariff. That is not the cause at all.

While it might be well to have reciprocity, if you like, with the United States, yet at the present time I am not convinced that that would save the situation. While I was down in Montana I also got prices on the bacon type of hog, and the very best price they could get down there on the first of January was 2½ cents a pound. I got prices on different commodities, and they are all about the same as we are getting in Canada. Last Sunday I got a letter from my daughter in Montana, and she says that eggs are selling there at five cents a dozen to the farmer. So it is a good thing for the farmer that eggs are included in the commodities coming under the agricultural stabilization fund. When I went home a year ago a friend of mine said to me, "Bill, it took 160 dozen of eggs to pay for the setting of the tires on my lumber wagon." He will not say that when I go home next time, because eggs are at a much better price to-day. Recently I got a letter from my son in Saskatchewan, and he tells me that the bacon type of hog has doubled in price. So already we are getting results from this budget, and the government deserves the credit.

Some hon. members may say: But you have not exported any of these commodities to Great Britain. The great point is that our farmers know that they will now get a fair price on the commodities they export, and that is bound to stimulate the domestic market, and that is where we are beginning to get results.

I have already mentioned interest rates, and now I want to say a word or two about the inflation of money. I know that some of my friends may not agree with me, but I am willing to wait for the world economic conference which is going to be held this summer. I believe that if a universal system can be worked out at that conference for the stabilzation of money we shall get the right results. I agree with the hon. member for West Edmonton (Mr. Stewart) when he states that should that fail our only alternative is to inflate money, or to bring our money to a point where it is on a par with the pound sterling. However I would not be one who at this time, with knowledge that a world conference is at hand would press for such inflation.

We all agree that there must be an international stabilization of money, I do not wish to criticize, but one important point came to my mind when the hon. member for West Edmonton was speaking. Going over the fourteen points in the Liberal platform I noticed that nothing is said about inflation. As the hon. member was Minister of the Interior in the late government I wonder how he could come out so boldly for a policy of inflation when, as a matter of fact, that is not mentioned in the Liberal platform. I do not believe the farmers of western Canada will accept, with very good grace, the fact that the Liberal platform contains nothing about an inflation policy. I think hon. members opposite might well take it from me that they would do well to insert another plank in their platform.

Mr. McKENZIE (Assiniboia): Thank you.

Mr. SPEAKMAN: You might insert it in the Conservative platform too.

Mr. LOUCKS: There is something else I should like to say. There is to be a world grain conference at Regina in July of this year. Although I am not dictating, I suggest that a committee be appointed to meet representatives of other exporting countries. In fact, I would include the importers as well, because there must be a spirit of cooperation. More particularly however the exporting countries should be represented. That will be the opportune time to get together with representatives from other wheat growing and exporting countries to see if we cannot possibly organize an international selling agency to look after the selling of our wheat. I am convinced great good would come from that. I believe this government will see that Canada is well represented, and that our representatives will be in a position to cooperate with those from other countries in discussions of matters touching the export of wheat.

This brings me to another matter which I describe in the following words: The wind sweeping over the prairies carrying new ideas to the hearts of men. I wish to relate what happened at a meeting held in my home town on January 17, and in doing so I will read some of the resolutions there considered. It was representative of Conservatives and Progressives or, if you like, members of the Cooperative Commonwealth Federation. The mayor of the town was the sponsor of the meeting. Although he is a Liberal, and spoke against me during the last election campaign, there are no hard feelings between us. We realized that we must get together and do something; and for that reason the meeting was advertised. The town went to the expense of throwing the town hall open, upon which occasion over two hundred farmers assembled. The provincial member from Rosetown constituency was on the platform with me. I was convinced of the sincerity of our audience; they were attending the meet-

ing only in an attempt to find a way out of present difficulties. Many ladies were in attendance; the hall was packed.

At this point I shall read some of the resolutions so that hon. members may have an idea of the trend of thought in my constituency, because I believe these resolutions reflect the views of my people.

Mr. DONNELLY: Read them all.

Mr. LOUCKS: The first resolution was as follows:

Moved by A. L. Anderson, seconded by Mr. W. Hurley that having two great transportation railways in Canada, operating at considerable loss to the Canadian people, more particularly the government owned Canadian National; and in view of the fact that thousands of Canadians are unemployed and much rolling stock lying idle; and in view of the fact that American wheat is exported in considerable quantities and that we are of the impression that much of our Canadian wheat is utilized to bring up the standard of American low grade wheat which is exported, be it resolved that we ask our federal member, Mr. W. J. Loucks, to support or propose legislation whereby we as shippers of Canadian wheat may be assured of the perfect identity of our high grade wheat.

The interpretation I place upon the resolution is that the people in my constituency feel the time has arrived when we should consider patronizing our own ports to an extent greater than we have done in the past. The second resolution was:

Moved by Mr. Alec. Currie, seconded by Mr. W. Clark, that we ask the Dominion government to establish a national grain marketing agency.

Our farmers are convinced that is the action we should take. I must say that I hold a similar view.

May I add that the farmers in my constituency, to a great extent, have lost confidence in the grain exchange at Winnipeg. There is no doubt that we have tried a wheat pool and I must confess, to a certain extent have failed in our attempt. Therefore the farmers turn to this government and ask: "Why not set up a selling agency to look after our wheat"? They would heartily approve of the scheme if such an agency could be made international. Our people are convinced that is what we should do. When I think of the farmers who gambled on wheat and who lost their farms, I feel more certain than ever that there should be some provision whereby we could sell our wheat without the intervention of the grain exchange. I know of a man who lived in the town adjoining that in which I live—I will not mention his name—a man who was a great asset to the Dominion of Canada, a man who stated he had never gambled until 1929, but who as a result of losing over $50,000 lost his mental balance. I am not speaking too strongly when I say that the grain exchange is probably the greatest gambling hole in Canada, and has wrecked more farmers than has any other agency. Therefore I say that we should not hesitate to take some step toward the elimination of gambling in wheat on the grain exchange. The business man can gamble, or leave it alone, but it is clear to me that farmers who are not gamblers know nothing about taking a first loss, and that is the reason they lose their farms. I could mention one farmer after another who mortgaged his farm, men who had money in the banks. The very man I mentioned a few moments ago was one of the biggest exhibitors of grain in this dominion. There is no doubt as to why he went wrong mentally; he is in the old country at the present time. Everybody said wheat was going to come back to $2 a bushel; our banks all said that.

I can remember very well that in the fall of 1929, while in the pool, I took my initial payment. I wanted to go down to Moose Jaw to get some feeder steers. With a certificate before me for 10,000 bushels of wheat on which I had realized eighty cents a bushel, I said to the banker, "I want to borrow some money." The manager at our local bank said, "Why, Mr. Loucks, your certificate is still worth at least half a dollar; that is all the security you need. How much money do you want?" "Well," I said, "I want enough to go down and buy a carload of feeders—probably; I am not sure. The answer was: "You can have all the money you want." What has happened since, since this depression came? I want to tell you something that happened last summer. I got letters from different municipal secretaries in my constituency; the provincial member was sick, so they began to write to me. The secretaries said: The farmers are coming here; they do not know how they are going to get twine and repairs for binders; what can you do? I told them it was a provincial issue, and I was the federal member but would do what I could to help the situation. Mr. Given, the provincial member, was sick, so I went to his house and talked it over with him. I said: "There is only one thing to do, and that is to call a meeting in some central place." This we did. We went there that night, and the hall was packed with farmers. After we appointed a chairman and discussed this thing I said to the chairman: "Let us have a show of hands; in fact you had better ask them to stand up—tell them

that only actual farmers who know they cannot get repairs, cannot buy twine, cannot go to the bank and get a dollar, are to stand." Do you know, there was not a man there but rose? One happened to be a brother-in-law of mine, and I thought I knew his financial standing; so when the meeting was over I went to him and asked him: "Why did you stand up, a man with the holdings you have? What do you mean by it?" He said: "You don't know the story at all; I went to the bank the other day and could not borrow $40." Now let me tell you the standing of that man. He has ten quarter sections of land clear that I know of, thirty as fine Belgian horses as you ever looked at, a threshing machine, five good binders, a barn that cost over $5,000, 120 feet long, and buildings in accordance; and he is not one of these men who is just growing grain, he had a good herd of cattle as well. He said: "What would be the use of my going back when I could not get $40?" I said, "Charlie, do you owe the bank anything?" "Oh, yes," he said, "about $2,200." The barn alone had over $5,000 invested in it, to say nothing of the land; there was a crop of wheat ready for the binders, and yet the bank was afraid to let him have any money. The manager said: "I will have to write to the head office." These managers of branch banks are scared stiff; they would not lend the best man in the country any money to-day. Now I say it is time there was an investigation made.

Another resolution, moved by A. Currie, seconded by A. Kirch, is as follows:

That the Canadian currency be inflated to a parity with the British pound or less.

That was the feeling of our meeting, comprising over 200 farmers. They said: We cannot go on in this way; we cannot sell wheat at this price and live; you will have to do something. So if we do not get results from the world economic conference I am prepared to say: Let us inflate our money. In connection with Australia, do not forget that our wheat is superior to Australian wheat, but even at that Australia is getting more for her wheat—that is in her own money—although ours is away above it in quality and would naturally have the preference in the market.

Here is another resolution, moved by Dennis Pattison, seconded by A. Kirch:

That the banks be nationalized and that we have a managed currency.

Well, I do not think there is anything very serious about that. I have another that will probably shock some hon. members. Moved by A. Currie, seconded by J. Durham:

That the producers of wheat receive a price of $1.35 a bushel for wheat milled for consumption in Canada.

I do not think there is anything very shocking about that either. We could well afford to pay the farmers of western Canada $1.35 a bushel for the wheat that is consumed at home. I do not think it would hurt the bread eater a bit; in fact I do not think it would make a bit of difference in the price of bread. Someone who lives in Montreal told me he had never paid less than ten cents a loaf for bread there. If that is the case, do you think it would make any difference at all if we paid $1.35 for the wheat? This would help to the extent of forty or fifty million bushels. I do not think Canada would suffer or that the consumer of bread would suffer. That audience was not radical at all. I submitted this resolution to the Minister of Agriculture (Mr. Weir) when it first came down—

Mr. HOWARD: What did he say?

Mr. LOUCKS: He could not endorse the resolution as submitted.

Mr. MOTHERWELL: Did he come across?

Mr. LOUCKS: He is a farmer in western Canada and he knows our need. We know the criticisms that formerly came from the other side of the house, but we are not hearing them so much now. The manufacturers want to be subsidized, but the conviction is now becoming general that neither the manufacturer nor the professional man can get anywhere until the farmer does. I have spoken with lawyers and doctors and they all realize that they will never prosper until the farmer has some money. My hon. friend the other day said that Saskatchewan alone had produced $6,000,000,000. You had no depression down here when we were shipping millions and millions of bushels of wheat and sending the money here—not only millions but the Prime Minister said billions at one time. The manufacturer was getting along nicely then. I know we were accused of being extravagant, but after all I have not much use for the hoarder; it is the man who puts his money in circulation who keeps the wheels turning, not the one who wants to live in a shack. When I think of what I went through in that western country when I lived in a shack, I cannot imagine that anyone would find fault because I put up a good house when I was able to do so. Why shouldn't I? Is there any condemnation of me because I bought an automobile, and put a radio in the house to keep the boys there? I think it is the best place for them. We talk about the

boys going to the city; what is the reason? Because we have not given them the home life that we should. My boys are well satisfied to stay on the farm; there are three of them, but they say that something must be done; we must lift the price of commodities. As far as I am concerned they have the place and they are doing the best they can. I hope that before long prices will go up and we farmers will have our proper share of purchasing power, and then, sir, I can see the wheels beginning to turn, with benefit to every industry in this country.

On motion of Mr. Macdougall the debate was adjourned.

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

Thursday, April 6, 1933

The house met at three o'clock.

PRIVATE BILLS COMMITTEE

Fourth report of the select standing committee on miscellaneous private bills.—Mr. Stinson.

RAILWAYS AND CANALS

Mr. J. H. HARRIS (Toronto-Scarborough) presented the second report of the select standing committee on railways, canals and telegraph lines and moved that the report be concurred in.

Motion agreed to.

PRIVATE BILLS COMMITTEE

Mr. T. H. STINSON (Victoria, Ont.) moved:

That, pursuant to Special Order made 27th March last, the divorce bills referred to in the message from the Senate received this day be now read a first and second time, and referred to the select standing committee on miscellaneous private bills, together with the evidence, etc., taken before the standing committee of the Senate on divorce on the petitions on which the said bills were founded.

Motion agreed to.

PRIVATE BILLS

FIRST AND SECOND READINGS—SENATE BILLS

Bill No. 68 for the relief of Birdie Glickman Steinberg.—Mr. Jacobs.

[Mr. Loucks.]

Bill No. 69 for the relief of Harry Prupas.—Mr. Vallance.

On division.

HOSPITAL SWEEPSTAKES

Mr. C. G. POWER (Quebec South) moved for leave to introduce Bill No. 67, with respect to hospital sweepstakes.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

RADIO STATION C H R C, QUEBEC

Mr. LAVERGNE:

1. Who constitute the personnel of radio station CHRC at Quebec city?
2. When did said station secure a licence?
3. Upon whose recommendation was such licence issued?
4. For what period was it issued?
5. What are the functions and obligations of such station?

Mr. DURANLEAU:

1. J. N. Thivierge, the manager of the station; Charles Frenette and C. Denoncourt, technical operators approved by the department to operate the transmitter.

No information respecting non-technical personnel.

2. April 1, 1926.

3. No recommendation filed. Licence issued on merits of application.

4. Yearly, to date (March 31, 1933).

5. The broadcasting of entertainment and information for reception by the general public.

LOAN TO SASKATCHEWAN FOR GOVERNMENTAL SERVICES

Mr. POWER:

1. What amounts were advanced by the Dominion government to the government of the province of Saskatchewan for governmental services, that is to say, for assisting in defraying the expenses of the administration of the said province (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?

3. How much has been repaid on the said advances?

Mr. RHODES: 1. (a) $6,500,000; (b) $153,739.73.

(While these loans were authorized under the general heading "governmental services" it may be pointed out that at the same time the province was financing certain relief undertakings on its own account.)

2. September 19, 1931, P.C. 2336, $2,000,000; October 28, 1931, P.C. 2707, $500,000; November 2, 1931, P.C. 2723, $500,000; November 17, 1931, P.C. 2890, $500,000; December 17, 1931, P.C. 3131, $3,000,000; December 17, 1932, P.C. 2757, $153,739.73.

3. None.

LOAN TO MANITOBA FOR GOVERNMENTAL SERVICES

Mr. POWER:

1. What amounts were advanced by the Dominion government to the government of the province of Manitoba for governmental services, that is to say, for assisting in defraying the expenses of the administration of the said province (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances, and the amount covered by each such order in council?

3. How much has been repaid on the said advances?

Mr. RHODES:

1. (a) and (b) Excluding loans for unemployment and farm relief, and for maturities in New York, none.

2. and 3. answered by 1.

LOAN TO BRITISH COLUMBIA FOR GOVERNMENTAL SERVICES

Mr. POWER:

1. What amounts were advanced by the Dominion government to the government of the province of British Columbia for governmental services, that is to say, for assisting in defraying the expenses of the administration of the said province (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?

3. How much has been repaid on the said advances?

Mr. RHODES:

1. (a) and (b) Excluding loans for unemployment relief, and for maturities in New York, none.

2. and 3. answered by 1.

LOAN TO ALBERTA FOR GOVERNMENTAL SERVICES

Mr. POWER:

1. What amounts were advanced by the Dominion government to the government of the province of Alberta for governmental services, that is to say, for assisting in defraying the expenses of the administration of the said province (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?

3. How much has been repaid on the said advances?

Mr. RHODES:

1. (a) and (b) excluding loans for unemployment and farm relief, and for maturities in New York, none.

2. and 3. Answered by No. 1.

ILES AUX GRUES, QUE., SIGNAL AGENT AND SEMAPHORE OPERATOR

Mr. POWER:

1. Who was employed by the Department of Marine as signal agent and semaphore operator at Ile aux Grues, Quebec, during the summer of 1932?

2. Was he a permanent employee?

3. For how many years has he been an employee of the department?

4. Have the conditions of his employment been altered from that of permanent employee to that of temporary employee, and if so, why?

5. Were there any complaints lodged against him on grounds of his political activity or partisanship?

6. If so, was an inquiry held, and what was the result thereof?

Mr. DURANLEAU:

1. Joseph D. Vezina and Edouard Dancause.

2. Yes, both.

3. Joseph D. Vezina, since June 1, 1908, and Edouard Dancause, since May 7, 1925.

4. Their appointments have been cancelled by order in council dated March 15, 1933, for political partisanship. It is necessary, however, to retain both in a temporary capacity until such time as the vacancies are filled by the Civil Service Commission.

5. Yes, against both.

6. An inquiry was not held inasmuch as the hon. member for Montmagny made representations that to his personal knowledge these two men have taken an active part in politics.

LOAN TO SASKATCHEWAN FOR NEW YORK OBLIGATIONS

Mr. POWER:

1. What is the amount of loans made by the Dominion government to the government of the province of Saskatchewan, to enable it to meet its obligations in New York (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans, and amount covered by each such order in council?

3. How much has been repaid on the said loans?

Mr. RHODES:

1. (a) $570,856; (b) $3,464,078.12.

2. November 25, 1931, P.C. 2953, $570,856; February 18, 1932, P.C. 360, $3,464,078.12.

3. $100,592.66.

LOAN TO MANITOBA FOR NEW YORK OBLIGATIONS

Mr. POWER:

1. What is the amount of loans made by the Dominion government to the government of the province of Manitoba, to enable it to meet its obligations in New York (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans, and amount covered by each such order in council?

3. How much has been repaid on the said loans?

Mr. RHODES:

1. (a) None; (b) $3,180,883.28.

2. January 21, 1932, P.C. 128, $1,236,753.12; December 7, 1932, P.C. 2685, $1,944,130.16.

3. $47,567.43.

LOAN TO ALBERTA FOR NEW YORK OBLIGATIONS

Mr. POWER:

1. What is the amount of loans made by the Dominion government to the government of the province of Alberta, to enable it to meet its obligations in New York (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans, and amount covered by each such order in council?

3. How much has been repaid on the said loans?

Mr. RHODES:

1. (a) None; (b) $3,142,586.39.

2. January 4, 1932, P.C. 3194, $320,129.52; January 13, 1932, P.C. 75, $2,822,456.87.

3. $586.39.

LOAN TO BRITISH COLUMBIA FOR NEW YORK OBLIGATIONS

Mr. POWER:

1. What is the amount of loans made by the Dominion government to the government of the province of British Columbia, to enable it to meet its obligations in New York (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans, and amount covered by each such order in council?

3. How much has been repaid on the said loans?

Mr. RHODES:

1. (a) $3,371,664.69; (b) $1,732,500.

2. November 20, 1931, P.C. 2911, $3,371,664.69; December 8, 1932, P.C. 2707, $1,732,500.

3. $3,169,915.19.

LOAN TO NOVA SCOTIA

Mr. POWER:

1. What amounts, if any, were advanced by the Dominion government to the government of the province of Nova Scotia (a) during the year 1931; (b) during the year 1932, for any of the following purposes:—

(1) To defray share of cost of approved public works payable by province and/or to loan to municipalities moneys, in order that their share may be paid;

(2) To provide funds for payment of direct relief in province and municipalities;

(3) To meet obligations in New York;

(4) For farmers for seeding operations, including purchase of seed grain;

(5) To liquidate accounts covering expenditures by province and/or municipalities on approved public works;

(6) For governmental services;

(7) To cover share of province and municipalities for direct relief expenditures;

(8) To give financial assistance to any of the cities of the province;

(9) For provincial expenditure in connection with camps?

2. If any such advances were made, what were the dates and numbers of orders in council authorizing said advances, and the amount covered by each such order in council?

3. How much has been repaid on said advances?

Mr. RHODES:

1. (a) and (b) None.

2 and 3. Answered by No. 1.

LOAN TO ONTARIO

Mr. POWER:

1. What amounts, if any, were advanced by the Dominion government to the government of the province of Ontario (a) during the year 1931; (b) during the year 1932 for any of the following purposes:—

(1) To defray share of cost of approved public works payable by province and/or to loan to municipalities moneys, in order that their share may be paid;

(2) To provide funds for payment of direct relief in province and municipalities;

(3) To meet obligations in New York;
(4) For farmers for seeding operations, including purchases of seed grain;
(5) To liquidate accounts covering expenditures by province and/or municipalities on approved public works;
(6) For governmental services;
(7) To cover share of province and municipalities for direct relief expenditures;
(8) To give financial assistance to any of the cities of the province;
(9) For provincial expenditure in connection with camps?

2. If any such advances were made, what were the dates and numbers of orders in council authorizing said advances, and the amount covered by each such order in council?

3. How much has been repaid on said advances?

Mr. RHODES:

1. (a) and (b) A temporary advance of $2,500,000 was made under P.C. 97 of 14th January, 1932, pending the passing of relief and other accounts owing by the Dominion government. This loan was repaid in full by 7th April, 1932.

2 and 3. Answered by No. 1.

LOAN TO QUEBEC

Mr. POWER:

1. What amounts, if any, were advanced by the Dominion government to the government of the province of Quebec (a) during the year 1931; (b) during the year 1932, for any of the following purposes:—

(1) To defray share of cost of approved public works payable by province and/or to loan to municipalities moneys, in order that their share may be paid;

(2) To provide funds for payment of direct relief in province and municipalities;

(3) To meet obligations in New York;

(4) For farmers for seeding operations, including purchases of seed grain;

(5) To liquidate accounts covering expenditures by province and/or municipalities on approved public works;

(6) For governmental services;

(7) To cover share of province and municipalities for direct relief expenditures;

(8) To give financial assistance to any of the cities of the province;

(9) For provincial expenditure in connection with camps?

2. If any such advances were made, what were the dates and numbers of orders in council authorizing said advances, and the amount covered by each such order in council?

3. How much has been repaid on said advances?

Mr. RHODES:

1. (a) and (b) None.

2 and 3. Answered by No. 1.

LOAN TO NEW BRUNSWICK

Mr. POWER:

1. What amounts, if any were advanced by the Dominion government to the government of the province of New Brunswick (a) during the year 1931; (b) during the year 1932, for any of the following purposes: —

(1) To defray share of cost of approved public works payable by province and/or to loan to municipalities moneys, in order that their share may be paid;

(2) To provide funds for payment of direct relief in province and municipalities;

(3) To meet obligations in New York;

(4) For farmers for seeding operations, including purchases of seed grain;

(5) To liquidate accounts covering expenditures by province and/or municipalities on approved public works;

(6) For governmental services;

(7) To cover share of province and municipalities for direct relief expenditures;

(8) To give financial assistance to any of the cities of the province;

(9) For provincial expenditure in connection with camps?

2. If any such advances were made, what were the dates and numbers of orders in council authorizing said advances, and the amount covered by each such order in council?

3. How much has been repaid on said advances?

Mr. RHODES:

1. (a) and (b) None.

2 and 3. Answered by No. 1.

LOAN TO PRINCE EDWARD ISLAND

Mr. POWER:

1. What amounts, if any, were advanced by the Dominion government to the government of the province of Prince Edward Island (a) during the year 1931; (b) during the year 1932, for any of the following purposes:—

(1) To defray share of cost of approved public works payable by province and/or to loan to municipalities moneys, in order that their share may be paid;

(2) To provide funds for payment of direct relief in province and municipalities;

(3) To meet obligations in New York;

(4) For farmers for seeding operations, including purchases of seed grain;

(5) To liquidate accounts covering expenditures by province and/or municipalities on approved public works;

(6) For governmental services;

(7) To cover share of province and municipalities for direct relief expenditures;

(8) To give financial assistance to any of the cities of the province;

(9) For provincial expenditure in connection with camps?

2. If any such advances were made, what were the dates and numbers of orders in council authorizing said advances, and the amount covered by each such order in council?

3. How much has been repaid on said advances?

Mr. RHODES:

1. (a) and (b) None.

2 and 3. Answered by No. 1.

RAILWAYS—POOL TRAINS

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I desire to ask a question of the Minister of Railways and Canals regarding the pool trains of the two railway systems between Toronto and Ottawa, and Toronto and Montreal, which trains are now running. Did the railway systems get the consent of the Board of Railway Commissioners, or is it necessary that they should get its consent to run those pool trains?

Hon. R. J. MANION (Minister of Railways and Canals): I am afraid I cannot answer the question offhand. I shall look into it and give my hon. friend an answer to-morrow. This matter is not submitted to me or to the government in any way; it is an arrangement between the two railways. I shall get the information and inform my hon. friend to-morrow.

RAILWAYS AND SHIPPING

On the orders of the day:

Mr. A. L. BEAUBIEN (Provencher): Is it the intention to have the special committee on government railways and shipping meet before Easter?

Hon. R. J. MANION (Minister of Railways and Canals): There is standing in my name a resolution which will, I think, come up to-morrow, and as soon as it passes and the bill based on it is introduced, we shall probably have a meeting of the committee. That will most likely be the beginning of next week.

SUPPLY

DEPARTMENT OF JUSTICE

The house in committee of supply, Mr. Gagnon in the chair.

Penitentiaries—amount required for cost of administration, construction, purchase of land, supplies and equipment, maintenance and discharge of inmates at Kingston, St. Vincent de Paul, Dorchester, Manitoba, British Columbia, Piers island, Saskatchewan and Collin's Bay penitentiaries, $2,941,400.

Mr. REID: Has the minister any information regarding the expenditure and the number of inmates that are at Piers island?

Hon. HUGH GUTHRIE (Minister of Justice): This matter in regard to Piers island was brought to my attention a few days ago by the hon. member for Comox-Alberni (Mr. Neill), and I prepared a statement which will probably cover the inquiry of the hon. member for New Westminster (Mr. Reid). In

the first place, the acreage of the island known as Piers island, which is now a penitentiary, is 254 acres, about 40 acres of which is cleared. Negotiations are under way for the lease of the island by the government. No money has been paid to the owners; they are asking $3,600 per annum and the department has offered $420. The matter is before the exchequer court by way of expropriation proceedings for lease, not for purchase, and I anticipate that the case will be heard some time next June, because the president of the exchequer court is at that time proceeding to British Columbia to hear the cases from that province and we shall endeavour to have this one ready for hearing then.

The expenditure on buildings and wharves to date is: for material, $29,769; for labour, $24,000; for pump, engine, lumber, etc., $3,807. The number of convicts confined on the island on the first day of March was: males, 295; females, 279.

The fifth inquiry that I received would be answered as follows: All employees on Piers island are appointees of the civil service commission. Piers Island penitentiary is administered by the warden and staff of the British Columbia penitentiary, officials being transferred for temporary employment on Piers island. This has necessitated the employment of an extra number of temporary police guards; one physician, part time, $1,500 per annum; one male hospital nurse and five matrons have also been temporarily employed.

A question has, I believe, reached the newspapers in regard to the purchase of toilet articles and I might give the information I have received to date in regard to that. In the purchase of toilet sets cognizance was taken of the fact that such articles were for temporary use only and therefore bowls and tanks suitable for removal and installation in one of the penitentiaries were purchased. The cost of the former was $6.82 each, and of the latter, $11.89 each, delivered at Piers island. Sixty-four sets were purchased and delivered. All fixtures, lumber, pump, engine will be removed to one of the penitentiaries when Piers island is abandoned as a penitentiary.

Mr. LAPOINTE: We shall not own the property there?

Mr. GUTHRIE: No, we propose only to lease the island and there is a wide difference between the government and the owners of the island as to the value of the rental. There was a negotiation for the purchase of the island, but the price was so high that we did not consider it.

Mr. LAPOINTE: The inmates there are Doukhobors?

Mr. GUTHRIE: Yes; there are two prison camps, one for males and one for females.

Mr. POWER: Is there anyone there to dress them?

Mr. GUTHRIE: I do not know about that. I have not been out there.

Mr. MUNN: What is the total expenditure to date?

Mr. GUTHRIE: The total expenditure is $29,769 in one case and $24,000 in the other; that is, about $53,000.

Mr. NEILL: How many employees are there?

Mr. GUTHRIE: Forty males and eleven females.

Mr. VENIOT: How many convicts who took part in the riot at Dorchester are being tried under preliminary examination?

Mr. GUTHRIE: Six.

Mr. VENIOT: The newspapers report a far larger number.

Mr. GUTHRIE: No, six.

Mr. DUPUIS: Is there a tariff of fees for lawyers who represent the Department of Justice before the courts—for instance, in cases under the Opium and Narcotic Drug Act?

Mr. GUTHRIE: There is no fixed tariff. All bills that come from the Department of Pensions and National Health in its enforcement of the Opium and Narcotic Drug Act are taxed by the officers of the department. I think I am right in saying that, under that particular act, perhaps higher legal fees are allowed than in ordinary prosecutions before magistrates and the like. The cases are looked upon as more serious, and experience shows that in such cases the accused are equipped as a general rule with excellent legal assistance.

Mr. DUPUIS: Can the minister give us what was spent in legal fees during the past year?

Mr. GUTHRIE: I cannot give them offhand; they do not arise under this vote.

Mr. DUPUIS: I understand we are on item 190.

Mr. GUTHRIE: No, this is No. 43, the penitentiary vote.

Mr. NEILL: What is the responsibility of the Department of Justice in relation to Doukhobor children? There is a good deal of misunderstanding in this respect in British Columbia, where the idea prevails that this department is responsible.

Mr. GUTHRIE: No. The responsibility in regard to the care of children of those confined in our prisons rests entirely on the provinces and municipalities; that is the law that pertains throughout Canada. The situation is a little more acute in British Columbia owing to the number of children to be taken care of there, and the province is paying for the maintenance of the children.

Mr. NEILL: Is the minister's department not paying something in view of the fact that the government is supposed to be responsible for the introduction of the Doukhobors?

Mr. GUTHRIE: I believe that an arrangement has been made with the government of British Columbia that, in regard to children born after the mother has become an inmate, the care and maintenance shall be taken care of by the department.

Item agreed to.

DEPARTMENT OF AGRICULTURE

Health of animals, administration of the Animal Contagious Diseases Act and the Meat and Canned Foods Act, $1,817,991.

Mr. WEIR (Macdonald): Has there been any change of policy in regard to the payment of compensation in tuberculosis free areas?

Hon. ROBERT WEIR (Minister of Agriculture): The regulations have not changed in that respect.

Mr. WEIR (Macdonald): Is the provincial government required to pay compensation?

Mr. WEIR (Melfort): No.

Mr. WEIR (Macdonald): Do they pay anything towards the administration of the act?

Mr. WEIR (Melfort): The transportation of officials.

Mr. REID: Does the Dominion government bear the total cost of tuberculosis inspection throughout British Columbia—transportation of inspectors?

Mr. WEIR (Melfort): In the restricted area work the provinces pay the transportation, and we pay the salaries of the officials and the compensation for animals that are condemned.

Mr. DONNELLY: Have any new restricted areas been established?

Mr. WEIR (Melfort): No, not for this year.

Mr. WEIR (Macdonald): There has been no extension of restricted areas?

Mr. WEIR (Melfort): No; there are no new restricted areas.

Mr. GERSHAW: In case of epidemic among horses or cattle what do the officers of the department do in the way of investigation and the recommendation of treatment?

Mr. WEIR (Melfort): In the case of an infectious disease, if the farmer or the owner of the stock will get in touch with the district inspector for the province he will be given full advice and the matter will be investigated by the federal officials.

Mr. GIROUARD (Translation): Could the hon. Minister inform the House whether the tuberculin test of cattle comes under item No. 56?

Mr. WEIR (Melfort): Yes.

Mr. GIROUARD (Translation): Mr. Chairman, in 1929, the Department of Agriculture undertook the tuberculin test of cattle in the county of Drummond. The officers of the department were carrying out this test in the parishes of South Durham and "L'Avenir", when, in the autumn of 1930, they were recalled, we understand, so as to be sent to another county. Since that date, I wrote on various occasions to the Department of Agriculture, at Ottawa; nevertheless, the work begun, in 1929, was continuously postponed. I am sure that the hon. Minister of Agriculture will understand that it is most important to the farmers of these parishes that the test which was begun should be continued without interruption. I wish to specially refer, in this connection, to the parish of "L'Avenir" in the county of Drummond. I would request the hon. Minister of Agriculture to kindly give orders that the tuberculin test begun in 1929 and 1930, be resumed.

Mr. WEIR (Melfort): My information is that no work has yet been done in Drummond county. However I shall be happy to look into the matter raised by the hon. member and write him personally in connection therewith.

Mr. DUPUIS: What amount of indemnity is paid for each head to be destroyed?

Mr. WEIR (Melfort): For grades the maximum is $40 and for pure breds $100.

The CHAIRMAN (Mr. Gagnon): Shall the resolution carry?

[Mr. R. Weir.]

Mr. MOTHERWELL: No. When this vote was under consideration a few days ago there was considerable discussion about the proposed merging of the live stock branch with the health of animals branch. The minister's explanation left upon the minds of some hon. members the impression there was nothing in the rumor, while on the minds of the rest of us it left the impression that there was something in it. I should like him to elucidate a little more and let us know his position. If he does not mean to merge the two branches he has done himself a great injustice by not being more explicit, and if he does mean to merge them nothing could be gained by concealing the fact.

While I am on my feet I should like to point out that these two branches were at one time under the control of the late Doctor Rutherford, a very prominent veterinarian, at one time chief veterinary inspector and later veterinary director general. I remember quite well that although the two branches were merged under him he came to the conclusion that they should not be merged. However, he was head of both branches, and his position made it possible for him to be fairly just to both. The positions he had occupied enabled him to pay particular attention to the health of animals end of his new duties. He expressed the opinion that they should be separated, with the result that his successor, the late Doctor Torrance, in the year 1912 or 1913 did carry out the separation. The late John Bright then became live stock commissioner, and the two branches have been working smoothly ever since. I take the ground that after twenty years of separation the minister should have some valid reason for suggesting a merger.

When the matter was under discussion before I gave some reasons why they should not be merged. Will the minister tell us whether he is or is not going to merge these branches, so that the discussion may be terminated. If it is his intention to merge them all I can do is to admonish him that in the light of past history, and in view of the splendid work the branches have been doing he should not merge them, because in fact they are quite separate and distinct in their character and viewpoint.

Mr. WEIR (Melfort): If hon. members who were in attendance at the last meeting of the committee had read what I said on that occasion I do not believe there would be any doubts remaining in their minds. If, after full consideration—

Mr. BROWN: "If" after.

Mr. WEIR (Melfort): —with the heads of both branches, and their officials, it is felt that it will be in the interests of the live stock industry, and more economical, without any loss in efficiency of any kind, there will be a certain amount of amalgamation. At the last committee meeting some hon. members expressed the opinion that any change would be injurious. I cannot make a more definite general statement than that. I further said however that there would be no laymen put in positions where scientists should be doing the work. I cannot make my position clearer in a general statement and would like to be specific. We will say that in the city of Calgary we have hog graders and live stock marketing agents under the live stock branch. We have under the health of animals branch a stock car inspector. If these two branches can agree that in addition to his regular work one of the hog graders can do stock car inspection, I think there would be some gain, no harm done and no decrease in the efficiency in either branches. That is a specific case.

The qualifications for a stock car inspector are certainly no higher than, possibly not as high as, those of a man in charge of a stockyard. Such an arrangement would to a certain extent reduce the office staff as well as the personnel doing the actual work. I have made the general statement that no laymen will be put in positions where scientific men are required. But where the heads and officials of these branches after full discussion agree that any change or merging could take place which would not decrease efficiency and would reduce costs, it will be done.

Mr. MOTHERWELL: Mr. Chairman, that would seem to be—I say, "seem to be"—quite satisfactory. However when we analyze the minister's statement we find there is not much in it, and the illustration which was intended to show a saving of expenditures was not very convincing. As I understood it, the hypothetical case was that there was no reason why a hog grader at Calgary should not do stock car inspection. Of course not. Hog grading, although to some extent technical, could not be classed as a highly technical position. Anybody who could grade hogs could very soon learn to inspect cars. Further than that, car inspection is frequently only a part time job. Although in a sense it may be important work, it is very often performed by men holding other positions—at least that used to be the case.

Then we have the minister's further statement that laymen will not be put in the position of doing the work of scientists. When the item was under discussion before, the minister pointed out that the office of the veterinary director general for the last twelve years had been under the supervision of two laymen, namely the minister and the deputy. Again, the minister's attitude is not very satisfactory. Perhaps I am too hard to please, but I believe this is an important matter. The health of our farm animals is the pride of Canada. I am sure that during the Imperial Economic conference the minister must have felt some degree of pride surging within his own veins when he could show the excellent health standing of our farm animals under the supervision of the veterinary director general. And might I come to a little closer grips with my hon. friend, indicating how these two branches sometimes differ, though not frequently but fundamentally, in their views of certain questions. For instance, some six or eight years ago and for some years prior to that there was connected with the experimental farm for experimental purposes what we called a "Bang" herd farm; that is a number of tubercular cattle were segregated on one farm and were used as breeding animals under what is called the "Bang" system. That is they were valuable animals for breeding purposes, they were tubercular, and it was desired to get some heifer calves from them, and by taking the calves from the cows immediately when dropped and pasteurizing the milk, it was thought that they could raise the young stock in safety without transmitting the tuberculosis. That was a matter that had been in dispute among live stock men and veterinarians for years and years, and the purpose was to demonstrate whether or not it could be done. It was done for a number of years with safety and success on a farm not far from Ottawa under the supervision of the experimental farm. But at various points, particularly at one central point, outbreaks that could not be accounted for occurred at intervals. The attitude of the live stock husbandman at that time was that it was perfectly safe to conduct that kind of experiment, that there was no danger of transmitting tuberculosis to adjoining herds or other herds by using those animals male or female for breeding purposes. But the veterinary director general took the opposite stand, that it involved too much risk, and he advised strongly that the "Bang" herd be discontinued. Now which point of view should prevail? Running the risk of associating with and continuing the "Bang" herd because there had been no outbreak for a while, or taking

the advice of the veterinary director general and playing safe by cutting out the "Bang" herd experiment? At that time we took the advice of the veterinary director general rather than that of the live stock husbandman. Which attitude would my hon. friend have taken? And who would decide such questions under a merger? I am a layman and the minister is a layman as far as veterinary science is concerned. That is the reason I think those two branches should be kept separate. Both points of view are held conscientiously, but with such dissimilar viewpoints they are bound to differ at important points of contact.

Mr. REID: The other evening the minister was good enough to say that it was going to be the policy of his department to encourage the private veterinary practitioner. I wonder if he would be good enough to state how that policy will be carried out and who will have the hiring of these private practitioners?

Mr. WEIR (Melfort): There is first an examination under the veterinary director general. Private practitioners who pass this examination will be given an opportunity to do certain work that is now done by health of animals officials. For instance if they are suitably located, they might be given the work of testing more municipal or supervised herds. They would be paid for that out of this vote under the present arrangement, at a cost not exceeding what the cost has been during the last number of years when done by our own officials. There might be other work, such as taking blood for blood tests. The provincial governments are also in sympathy with this proposal and believe that they can turn some work towards the private practitioners.

Mr. FERLAND: I observe that this item 56, health of animals, is decreased by more than a quarter of a million dollars as compared with last year's estimates. May I ask the minister if the animals are partially cured of the disease or if it is only for reasons of economy that he is making this decrease?

Mr. WEIR (Melfort): This was explained the last night the committee was in session. There are so many retests due that it is impossible for us with our present staff to do the retesting work and also undertake any considerable amount of new work. It is the new work that involves the large cost, owing to payment of compensation. So we feel that we have enough work to carry on with retesting, for which the cost is very small in comparison with the costs of the initial tests. Therefore we can carry on with the smaller amount.

[Mr. Motherwell.]

Mr. GIROUARD: How many inspectors are there for tuberculosis in Quebec?

Mr. WEIR (Melfort): They keep changing from time to time as they are taken from one province to undertake work in another province. At present I am informed there are from twenty-five to thirty in Quebec.

Mr. GIROUARD: Have they an office in Montreal?

Mr. WEIR (Melfort): Yes.

Mr. MOTHERWELL: The minister has chosen not to answer my last question. I assure the minister however, that it is not a hypothetical case at all, it is an actual condition of affairs that occurs and will continue to crop up. I hope the minister will be able to answer the next question, I think perhaps it will be easier and should be given a specific answer. My information is from newspaper reports, which while not always right generally have some element of truth in them; sometimes they are entirely true. This one I hope is entirely false. It is a report that comes from the west, that the live stock men assembled at Calgary recently expressed the opinion, by resolution or otherwise, that the quarantine of fifteen days at Levis, just across the river from Quebec, should be discontinued; that animals imported from Great Britain, after the precautions taken on the other side, are sufficiently safeguarded without quarantining them in Levis. I hope that is wrong, I hope there is no truth in it whatever. When it was my privilege to have charge of this work the period of quarantine used to be thirty days, if it is now fifteen I should like to know how and when that came about.

Mr. WEIR (Melfort): The quarantine at Levis is to be continued. There is this change, that where animals are quarantined in London for two weeks the quarantine in Levis will be only for two weeks. It differs in that respect from what it was before the Imperial conference. The change has not only been recommended by our own officials but agreed to also by the American officials, so that it will not interfere in any way with their regulations in connection with our live stock.

With reference to the first question, my hon. friend would not think I would be so discourteous as not to answer or attempt to answer his question; I did not think he really asked a question. If there was any question it was this: In case a decision had to be made with reference to isolation or precautions against diseases what would be the

correct procedure? I would say that there could be but one answer, that the decision of those qualified to do that work, the veterinary scientists, should prevail.

Mr. MOTHERWELL: Hear, hear, that is very good. Then there is no talk at all about dispensing with the quarantine at Levis? And the reduction from thirty days to fifteen is compensated for by the other fifteen days quarantine taking place in London, England?

Mr. WEIR (Melfort): Right.

Mr. MOTHERWELL: Just another point and I am through. In the vicinity of Ottawa, on the Ontario side of the river a restricted area was established back in 1928, I think it was. It was quite large; it formed a triangle between the Ottawa and St. Lawrence rivers and the Rideau canal. Some spots were badly saturated with tuberculosis, and as often happens there were some objections raised to the test being applied. I wonder how the minister is getting along in that area. It is nice to be able to assure our international and other visitors that we have not only a beautiful capital city but also healthful surroundings from which they can get their meat, poultry, milk and other products without the possibility of any contamination from this or other diseases.

Mr. WEIR (Melfort): The work is almost completed. This was set aside as a restricted area before the last election, when it became pretty much of a political question. For that reason I think it was felt advisable—and I quite agree—to drop the work until the controversy was over. After the election it continued to be very much of a political question. I think one day I saw a delegation of seventy-five people who insisted that the test should not be carried on, and they were headed by one of the successful candidates at the election. I think the next day I saw a delegation of more than eighty people, headed by the other successful candidate, who took the opposite view. I think I recognized quite a number of the same faces in both delegations, and there were similar names on the different petitions submitted to the department. However, we were successful in handling the situation with the least possible friction, though feeling was very high. We are glad to say that now the whole area has been cleaned up with the exception of parts of Leeds and Grenville counties, and that work will be completed shortly. It is to be among the first work undertaken.

Mr. MOTHERWELL: My hon. friend was successful he says in handling the question by dropping it, and losing most of the money that had been spent in that area. These sources of infection were bad, naturally they will contaminate the adjoining areas. Thus it will be only a matter of time until the whole area is re-contaminated unless these spots are cleared up. I think this is most lamentable.

Mr. WEIR (Melfort): I do not think the hon. member can have heard me.

Mr. MOTHERWELL: I know I have not my hearing apparatus with me, because the batteries are low, but I can hear fairly well without it.

Mr. WEIR (Melfort): The work has been completed with the exception of a very small area in Leeds and Grenville counties. The work proceeded; it was not dropped, and I believe it has been carried on to the satisfaction of every person, which at one time seemed absolutely impossible.

Mr. MOTHERWELL: The less work there remains to do then the more justification there is for doing it so far as cost is concerned. There must be ten constituencies in that area, and of those apparently two are reneging. There will always be two parties to this question, some for and some against the test and in all probability some of those are beef areas rather than dairy districts.

Mr. WEIR (Melfort): There are not two parties in the area left, and there has been no reneging. We have not completed the work yet, but it will be among the first work to be done after this vote is passed. There was not sufficient money last year due to the much higher percentage of reactors than was expected. The work was dropped about one week before the end of the fiscal year, and there is only a very small area remaining.

Mr. MOTHERWELL: Perhaps my hon. friend can tell us when that work was begun. I object to the suggestion that this was a political question before the last election; it was not. If it became such later that was under my hon. friend's administration. I took the ground then, as I had taken it previously, that when either a provincial or federal election came on, this class of work should be discontinued temporarily, because it is rather delicate work and is liable to cause ructions in the heat of an election contest. We did not stop it because it had become a political question but because of our previous experience in the maritimes during an election which was held a year earlier than we expected. The Nova Scotia elections came on right in the middle of the work; I happened to be overseas that year, and when I got home there

was the dickens to pay. We continued the work during the election and finally completed it quite satisfactorily, but only after a good deal of heart burning. The newspapers took sides; one blamed the Dominion government and the other blamed the provincial government, and I made up my mind that rather than go through that unfortunate experience again during any subsequent election we would cease work in the east till the election was over where there was likely to be friction. At that same time we continued the work in the west, where there was no friction. Out there on the prairies they are so strong for this bovine T. B. work that even in the middle of an election contest no one could make it an election issue.

That was what we did in 1930, so I think my hon. friend will have to examine the facts a little more carefully. This work around Ottawa must have been started either in 1928 or 1929, so this is either the fifth or sixth year since. All the time these remaining infected sore spots are festering. If you had only two festering sores on your hand they might easily affect your whole body in five years, so with all the earnestness at my command I would urge the minister to complete this work. Some of his colleagues are medical men; they know the importance of this work. I am sure they will give their colleague enough money to go ahead and complete it and other subsequent areas in less than five years. The responsibility does not rest entirely on the minister for this parsimony; he admits that he had to suspend operations for want of money, yet he has been telling us all along that there has been no material lessening of the agricultural work because of the reduction in the estimates. In almost every vote we come across work that has been neglected because there is not sufficient money. That is the fault of the minister's colleagues. I know the staff well enough to be sure that the estimates go up to my hon. friend large enough and I know human nature well enough to be sure that he passes them on to the council, so it must be his colleagues who reduce them. I appeal to both the minister's medical colleagues present and who know the close connection between human and bovine tuberculosis; if ever money was well spent it is the money devoted to the elimination of tuberculosis among our cattle, especially pure bred cattle.

Mr. WEIR (Melfort): I accept my hon. friend's explanation with regard to the test. What I had to say was in no way critical; I felt that if this had become a matter of politics this action was advisable, and had I been in my hon. friend's place I would have dropped the work also. Certainly the work was started and with no particular reason being given it was stopped, so the officials of the department felt it was stopped for that reason.

With regard to the question of money I gave a clear explanation. The vote recommended by the officials of the department was not sufficient to carry on the work. They could not foresee that the percentage loss would be anything like as high as it was in certain areas. There never had been such a loss, running up to even forty per cent.

Mr. MOTHERWELL: That was not in this area; that was in Quebec, was it not?

Mr. WEIR (Melfort): Yes. More money was required than was required in Quebec. An additional vote was included in the supplementary estimates and it was felt that this would furnish sufficient money to carry on this work. We did not want to carry over charges from this to the next fiscal year but the percentage of reactors was much greater than had been anticipated by the officials, and it was found necessary to stop the work for the last week.

Mr. MOTHERWELL: I think the minister erred by having too many irons in the fire. I suppose the pressure from Quebec was stronger than that from the Ontario end. I feel sure the Minister of Public Works (Mr. Stewart) will appreciate the importance of this matter. I have a lot of sympathy for the minister because I know both the importance and worries of this work. If the provincial Conservatives and the federal Liberals get criss-crossing and scrapping locally not even the angel Gabriel could carry on the work satisfactorily. The Minister of Public Works resides in a splendid dairying area and I am sure he would give the right-of-way to a vote to clean up these two festering spots in the area in which he resides as quickly as possible. The committee may not understand why I am so interested in this matter. I thought it to be a good thing when it was established and I enjoyed the Hon. John Martin's complete cooperation in everything that was done, and I think similar cooperation could be obtained even at this late date. If this matter could be cleaned up it would be a credit to the minister, to his department and inure to the safety of the cattle and human population therein.

Mr. WEIR (Melfort): I am afraid the hon. member is in error through not knowing just what we did. He has suggested that we concentrated upon Quebec but the fact is that the work was divided fairly and equally

between the two provinces and carried on simultaneously. Unforeseen circumstances arose for which no one could be blamed and it was found that there was not sufficient money to complete the work in a small area in Leeds and in part of Grenville.

Mr. MOTHERWELL: Was not the Quebec area taken on after that?

Mr. WEIR (Melfort): It was taken on at the same time.

Mr. DUPUIS: I understood the minister to say that the work in Quebec was found to be more expensive than that carried on in Ontario.

Mr. WEIR (Melfort): I do not think I said that. We have run into high percentages of reactors in Quebec.

Mr. MOTHERWELL: That runs away with the money.

Mr. DUPUIS: What amount has been spent in Ontario and in Quebec?

Mr. WEIR (Melfort): I shall be glad to send the hon. member that information. I am told that the percentage of reactors in one part of Ontario was over thirty per cent.

Mr. DUPUIS: How many areas are there in Quebec and how many still have to be covered?

Mr. WEIR (Melfort): There are still some areas in Quebec to be covered.

Mr. DUPUIS: What are those?

Mr. WEIR (Melfort): Part of Saguenay, which has to be covered for the first test; L'Assomption, for the first test; St. Hyacinthe; Bagot; Drummond, west of the St. Francis river; Yamaska west of St. Francis river; Richelieu, east of the Richelieu river and Terrebonne. I believe more money has been spent in Quebec than in Ontario.

Mr. DUPUIS: Is that because there were more reactors?

Mr. WEIR (Melfort): Yes and more cattle tested.

Mr. DUPUIS: Is the minister aware of any instances where stock dealers went to cities like Toronto to buy stock that had been condemned to bring into Quebec to be sold as sound stock?

Mr. WEIR (Melfort): I am informed that that has not been done. It was felt that it would be attempted and notice was given that the department would take steps against such a practice.

Mr. DUPUIS: I understand that the inspectors are veterinary surgeons. Could the minister tell me how many inspectors now working in the province of Quebec are natives of that province? As I understand the minister, several inspectors have been taken from other provinces.

Mr. WEIR (Melfort): There are inspectors now working in the province of Quebec who will be sent to other districts when their work is completed, and the same thing will apply to Ontario. I think I know what the hon. member has in mind, and it was one of the first matters I took up with the veterinary director general upon taking over this portfolio. I can understand the difficulty when an English speaking veterinarian goes into a French speaking farmer's stable to carry on tests. He may be unable to explain the test and invariably it is the best cattle that are affected. The high producers are weakened and are more susceptible but the veterinarian may be unable to explain just what is happening. He may be also unable to explain the precautions which should be taken. I was told that there were insufficient fully qualified French speaking veterinarians available to carry on this work and I got in touch with the principals of the veterinary colleges in Quebec and emphasized the importance of this work. Those of us who do not understand the French language would be upset if an inspector speaking only French came to test our herds. The farmers in Quebec must be commended for the patience they have displayed in allowing this work to be carried on. They offered practically no obstruction and we are making every effort to increase the number of French speaking inspectors for work in French districts.

Mr. MOTHERWELL: The minister will not get on with this work very rapidly with the vote reduced by $250,000 this year and $300,000 last year. I do not wish to be put in the position of advocating that the work in Quebec should be discontinued while that in Ontario should be carried on, but I know that this particular work in Ontario was started before that in Quebec. If, however, the two cannot be done simultaneously, then either first finish the one that has been started first, or else increase the vote substantially so that both can be carried on simultaneously.

Mr. GIROUARD: Is it the intention of the minister this year to cover the area where the test has been started?

Mr. WEIR (Melfort): Yes.

Mr. MacINNIS: Some little time ago I took up with the minister on behalf of the poultry raisers in British Columbia the question of supplying free chickenpox serum to poultry farmers who do their own inoculating. Has the minister had time to go into the question and has he been able to come to any conclusion?

Mr. WEIR (Melfort): My information is that we do not wish to give a vaccine containing live organisms to laymen poultrymen or workers.

Mr. REID: Under this vote I wonder if the minister could tell me what inspection is done under the Meat and Canned Foods Act?

Mr. WEIR (Melfort): The inspection is chiefly in abattoirs and also in connection with export trade.

Mr. REID: What I have in mind is that there was a firm in British Columbia which was buying horses, slaughtering and canning them. I understand much of that product was shipped to France and quite a quantity of it was distributed to fox breeders. Was any of that inspected by our inspectors?

Mr. WEIR (Melfort): It was inspected.

Mr. FERLAND: I understand the district of Terrebonne has been named in the new areas or zones to be covered during the coming year. Could the minister include with the district of Terrebonne the electoral district which, if I understand aright, will be the new Joliette-Montcalm?

Mr. WEIR (Melfort): There is no application, and I cannot say anything about the electoral district.

Mr. PARENT: Does the minister intend to continue the work of tuberculosis inspection in the district of Terrebonne? The inspection ceased about a year ago.

Mr. WEIR (Melfort): It is a new area and, as such, it will not be started this year unless we make better progress than at the present time is expected.

Mr. SEGUIN: I thank the minister for what he has done in the county of L'Assomption, but I would like to know from him whether the testing of cattle will be continued this year.

Mr. WEIR (Melfort): Yes.

Mr. GIROUARD: The minister has just stated that there are a few French Canadian inspectors in Quebec. In order that he may make more progress, would he not consider that in certain areas the veterinary surgeons could do the work where the inspectors could not come?

Mr. WEIR (Melfort): The system of selection is that an examination will be set under the supervision of the veterinary director general and any veterinarian of any province can write on that examination. If he passes it, he is eligible to be taken on the list.

Item agreed to.

Farm economics, including agricultural co-operative marketing, $15,190.

Mr. LUCAS: I am glad to see a small increase in this vote, but it is altogether too small for the work to be carried out. When one looks over the list of the agricultural estimates, one finds live stock, $1,430,000; experimental farms, $1,642,000; health of animals, $1,817,000, and all these votes are for the purpose of showing how to produce more and, of course, a better qualtiy. As regards this, I have no criticism to offer. After all, however, what is the use of producing these commodities if we cannot market them properly? This practically new branch, which was started a few years ago under the title of farm economics, including agricultural cooperative marketing, is one of those branches that should be pushed very rapidly to the front. I believe we have a splendid nucleus of a staff in that branch, and while I do not advocate the cutting down of the agricultural vote in its entirety, yet I think it could be so re-arranged that a greater proportion of the expenditure could be placed under this vote.

A few nights ago the hon. member for North Renfrew (Mr. Cotnam) referred to the disparity between the price which the farmer was receiving for lamb and that which the consumer had to pay for it. At the present time we have in a committee of the house an investigation proceeding in regard to the spread in milk prices. If this branch were properly organized and sufficient money devoted to it, we should have a branch of government that would have its inspectors throughout the country keeping in close touch with this very idea of seeing what the farmer was getting for his product and whether advantage is being taken of him or not. In that way, when these questions came up in the house, this branch would be able to furnish full information. Further, it should make a greater effort to develop cooperative marketing of our products, because there

is very little use of the farmer working to produce these commodities unless he gets a fair return for them. We find the consumer is paying too high a price and the producer is not getting the benefit. I would impress upon the minister that he seriously consider the question of increasing this vote very materially, especially for another year.

Mr. SPENCER: I should like to support the attitude of the hon. member for Camrose that a larger amount be spent on this particular branch. The sum at present allowed is altogether too small. Can the minister give us some information as to the work this branch has done with the limited amount of money at its disposal?

Mr. WEIR (Melfort): This branch, of course, collects information directly from the farmers and cooperates with the other branches; it also works in cooperation with the provincial departments of agriculture and in that way it saves the expense of a large staff to do that part of the work other than interpreting and analysing the figures. Some of the work undertaken last year was a cheese factory study including merchandising costs. Cheese factories to the number of 250 have submitted statements as requested and given full information of the cost of operating for one business year. There has also been an investigation into the cost and other factors of milk production in the two provinces of Ontario and Quebec, that is, the relation between volume of business and cost of operation. That analysis is complete and the report will soon be ready for publication. They have also carried out careful work for three years in connection with ranching costs and have received reports from a number of leading ranchers. A comparison of percentages has been made with relation to costs and weight of lambs. They have also finished an investigation comparing costs as between tractors and horses in western Canada, reports having been received from one thousand farms.

Mr. SPENCER: What power have the officials of the department in seeking information from various people? Can they compel people to give them the information they require?

Mr. WEIR (Melfort): They have not this power and the commissioner does not wish it. He thinks he can perform better service by getting voluntary cooperation, and he feels that there is no reason for changing his attitude.

Mr. McKENZIE (Assiniboia): Last year when this item was under consideration the minister made a statement with regard to a proposed marketing board. He was interrogated on several occasions by some of my colleagues and asked to state his policy with respect to agriculture. On two occasions he intimated that it was the intention of the government to establish a marketing board, and he said he had support from different parts of the house, from members of all parties. I believe he said it was the intention of the government to establish this board after the Imperial conference. What has been done in the matter?

Mr. WEIR (Melfort): We did endeavour to form a commission to investigate the whole subject of marketing and to report thereon. We felt that we should get the very ablest men in the dominion and we approached a number of individuals who realized the importance of the subject but who, owing to the financial stress through which we are passing, felt that they could not very well leave their own work. In the meantime the various marketing officials of the department have been gathering all the information they can and making a closer study of the whole question.

Mr. McKENZIE (Assiniboia): I take it from what the minister says that it has not been abandoned.

Mr. WEIR (Melfort): No.

Item agreed to.

Assistance to fairs and exhibitions, including the Royal Agricultural Winter Fair, $395,000.

Mr. SPEAKMAN: Is it the purpose of the minister to continue grants to fairs as before?

Mr. McINTOSH: How many regional fairs will there be in Saskatchewan?

Mr. WEIR (Melfort): That depends on the agricultural societies themselves. I can answer the hon. member definitely by saying that North Battleford is to be one of the regional fairs.

Mr. McINTOSH: And Prince Albert will remain?

Mr. WEIR (Melfort): Yes.

Mr. McINTOSH: Will Melfort be a regional fair?

Mr. WEIR (Melfort): Yes.

Mr. McINTOSH: What about the provincial fairs of Saskatoon and Regina? Will they remain provincial or regional?

Mr. WEIR (Melfort): Not regional.

Mr. McINTOSH: What will be the grant for Regina and Saskatoon?

Mr. WEIR (Melfort): Up to $2,500 to the summer fairs.

Mr. McINTOSH: And the regional fairs will get $2,000?

Mr. WEIR (Melfort): They will get $1,500 and if they conform with the regulations for regional fairs they will get $500 extra.

Mr. VALLANCE: How many fairs will there be in Saskatchewan?

Mr. WEIR (Melfort): We do not know until the agricultural societies decide whether they will hold fairs or not.

Mr. MOTHERWELL: I guess it isn't my hearing that is amiss; it must be my brains, as I have never been able to understand this regional fairs business. The minister told us when this question was up before that there would be nine fairs in Saskatchewan that could be eligible for regional fairs. I might have heard him wrong. There used to be seven. Are there nine B fairs in Saskatchewan, or does that include two A fairs and seven B fairs?

Mr. WEIR (Melfort): Seven B fairs.

Mr. MOTHERWELL: So that there are seven that are eligible and two that are non-eligible. Has the minister worked out the regulations in such a form that we can get them into our heads? What are the regulations under which any fair becomes a regional fair? Just what have they to comply with before they are completely eligible to earn the extra $500? Are the regulations out?

Mr. WEIR (Melfort): The regulations are out, and have been sent to all fairs that have been recognized in the past.

Mr. MOTHERWELL: I suppose we can obtain copies of the regulations.

Mr. WEIR (Melfort): Yes.

Mr. McINTOSH: What about a fair that is neither provincial nor regional? Will that class of fair get any grant whatsoever?

Mr. WEIR (Melfort): Not from the federal government.

Mr. GIROUARD: Does the department make any grant in Quebec to fairs and exhibitions held outside Quebec, Sherbrooke and Three Rivers?

[Mr. R. Weir.]

Mr. WEIR (Melfort): There are spring and winter fairs at Lachute, Ormstown and Sherbrooke. The A fairs are Sherbrooke, Quebec, Three Rivers, Valleyfield. The other fairs are Waterloo, St. Scholastique, St. Hyacinthe, Ayer's Cliff and Brome.

Sir EUGENE FISET: There is no grant given to county fairs?

Mr. WEIR (Melfort): No.

Mr. DUPUIS: Were grants given before this year to county fairs?

Mr. WEIR (Melfort): No.

Mr. SPEAKMAN: What was the experience of the department in connection with the experiment which was held in Red Deer last year and in other places as well? Was it looked upon as successful?

Mr. WEIR (Melfort): The experiment was carried on for two years, and the results, as indicated by people who had been in close touch with the experiment, were such that this year we have evolved a policy whereby we shall extend the regional grant.

Mr. SPEAKMAN: So that fairs which previously have received a grant will be eligible now for regional fairs.

Mr. WEIR (Melfort): Yes, provided they have qualified.

Mr. MOTHERWELL: Does the word regional imply that within a certain radius or region only, will exhibitors be permitted to show exhibits at that fair? For instance, Melfort and Prince Albert: these are regional fairs. Is it the assumption that within a certain radius of either of these fairs, and only within that radius, will exhibitors be eligible to show exhibits and compete at that fair?

Mr. WEIR (Melfort): The area is left in the hands of the agricultural society of, we will say, Prince Albert. They can go as far east or west as they wish, but no exhibitor can show at more than two fairs in regional competitions. The idea is to keep down the professional exhibitor.

Mr. McKENZIE (Assiniboia): Could the minister put on record the list of class B fairs in Saskatchewan, and particularly those which have made application to become regional fairs?

Mr. WEIR (Melfort): Lloydminster, Melfort, North Battleford, Prince Albert, Weyburn, Yorkton and Estevan.

Mr. WEIR (Macdonald): Would the minister give the names of the fairs in Manitoba which have made application?

Mr. WEIR (Melfort): Carman, Dauphin and Portage la Prairie,

Mr. DONNELLY: Is the fair at Assiniboia not called a class B fair?

Mr. WEIR (Melfort): No, they cannot qualify. They come under the list known as the B-2 circuit. Kindersley and a number of others are in the same class.

Mr. LUCAS: Would the minister give a list of the class B fairs in Alberta?

Mr. WEIR (Melfort): Lethbridge, Red Deer, Vegreville, Vermilion and Camrose.

Mr. DONNELLY: Does the minister mean to say that the fairs which come under the B-2 circuit will receive no assistance from the government this year? Why is it thought advisable to cut them out this year?

Mr. WEIR (Melfort): When the B-2 circuit was formed, I believe it was understood, so far as the Department of Agriculture was concerned, that no commitment had been made that a grant would be given. However many people connected with the smaller fairs were under the impression that because they were called B circuit fairs grants would be given. In the first year one or two fairs were given grants. Others had gone to a certain expense, but received no grants. So, in the following year—1931 I believe it was—on account of representations made we decided it was only fair that for one year we should give a grant to the other B-2 fairs, on the strict understanding that it would not be continued.

Mr. VALLANCE: I believe the minister mentioned that Carman, Manitoba, came under the regional fairs. My understanding was that Carman was a B-2 fair.

Mr. WEIR (Melfort): I am glad that point has been brought to my attention. New fairs were brought in to make two circuits, namely, the B-1 and B-2 circuits. So that there would be the least possible travelling, some of the new fairs were included in the B-1 circuit, which was really the old B circuit. I understand Carman originally had been a B fair.

Mr. McINTOSH: The minister has stated that the class A or provincial fairs, two of which are held in the province of Saskatchewan, secure a grant of $2,500. The class B or regional fairs receive only $2,000. What is the outstanding differentiating factor between these two fairs? In other words, why should Regina and Saskatoon get $500 more than larger fairs such as Weyburn, Yorkton, North Battleford and Prince Albert?

Mr. WEIR (Melfort): I agree with the hon. member for North Battleford that perhaps in many respects the most important fairs are the smaller ones. That is why we have increased the grants to the smaller fairs and decreased those given to the larger fairs.

Mr. McINTOSH: I thank the minister for his answer, and must add that I believe he is on solid ground. For practically five or six years I have accepted the principle he has stated, and believe it should be worked out to the full. However there is still $500 difference. I am asking why there should be that difference. Is the minister aiming gradually at eliminating even that $500?

Mr. WEIR (Melfort): There is no intention at the present time to eliminate it.

Mr. DONNELLY: How many class B fairs were there in Saskatchewan which received grants? Would the minister give the names of the fairs in that province which will not be given grants this year?

Mr. WEIR (Melfort): Of the so-called B fairs?

Mr. DONNELLY: Yes.

Mr. WEIR (Melfort): We have not yet received all of the returns, but my understanding is that none of them will be cut out in Saskatchewan.

Mr. DONNELLY: Only a minute ago the minister mentioned Assiniboia as being one to be cut out.

Mr. WEIR (Melfort): Assiniboia is one of the new fairs which came in with the formation of the two circuits. Each of them receives a grant for one year.

Mr. DONNELLY: How many are there in the same class as Assiniboia?

Mr. WEIR (Melfort): From memory I would say there are Kindersley, Kerrobert, Assiniboia and Rosetown.

Mr. MOTHERWELL: Is Assiniboia not getting a grant now?

Mr. WEIR (Melfort): No.

Mr. GERSHAW: Nearly $400,000 is to be voted for these fairs. Would the minister give us a brief explanation of what they accomplish? We notice that certain towns

and cities in different parts of the country receive grants while other areas receive no benefits at all. Is it largely a matter of entertainment, or of improving live stock?

Mr. WEIR (Melfort): This money is given for prizes with the understanding that it will be used entirely in live stock and utility classes. It is not given for entertainment of any kind, but only to encourage competition in agricultural products.

Mr. McINTOSH: The minister said he admitted that generally speaking regional fairs were more important than class A fairs; yet we find they are receiving $500 less. I am not just clear as to why an extra grant of $500 should be given above and beyond the regional fair grant, if in fact the regional fairs are doing the ground work?

Mr. WEIR (Melfort): Those who compete at the regional fairs may also compete at the larger fairs. They are under greater expense to go to the larger fairs, and for that reason they should perhaps be encouraged by larger prizes. We know that the winners at smaller fairs go to the larger ones.

Mr. DONNELLY: Is the class B fairs a closed list, or are there qualifications or standards which must be equalled before a grant can be given? Is it still possible for fairs coming up to the qualifications or standards required, to get the grant?

Mr. WEIR (Melfort): This year the list is closed because to a certain extent it is based on what has been paid out in prize moneys over a period of years. During the year however we will always be pleased to accept an application from any fair setting out what it is prepared to do and has done. If we believe we would be warranted in giving it consideration, we are free to do so.

Mr. DONNELLY: You have no standard, though?

Mr. WEIR (Melfort): Yes.

Mr. BOUCHARD: Is there an arrangement with the provincial ministers concerning the fairs to which grants should be given from the federal treasury, or do we understand the minister does as he pleases in the matter or as hon. members please. I know he is anxious to cooperate as closely as possible with provincial authorities and I want to know if he has agreed on some policy.

Mr. WEIR (Melfort): The officials of my department got in touch with the officials of the provincial department at Quebec after Mr. Godbout and myself had discussed this whole question. We made our policy in Quebec conform to the regional policy that the provincial Department of Agriculture have developed.

Mr. BOUCHARD: But that does not exactly answer the question. Is there any possible way for, let us say, a county fair, to make direct application to the federal department for a grant when their exhibition is held?

Mr. WEIR (Melfort): Not for county fairs in any province.

Item agreed to.

Department of Agriculture—civil government: salaries, $736,326; contingencies, $98,600.

Mr. MOTHERWELL: I think that went through the other night when the hon. gentleman was absent. The Minister of Railways filled in fifteen minutes and he put civil government through.

Mr. MANION: It was just the civil government of my own department.

Mr. COOTE: There is a matter of considerable importance to agriculture, and of interest to the minister and to the department I am sure, about which I have received considerable correspondence lately. It is in connection with the use of surplus grain in making industrial alcohol to be used with gasoline as motor spirit. An editorial in the Calgary Herald under date of February 24 says:

> According to a recent press report from Washington, the United States government will be asked to consider legislation providing that all gasoline sold shall contain one-fifth of denatured alcohol.
>
> This is of special interest to Canada. If similar legislation were enacted in this country it would mean that some 100,000,000 gallons of grain alcohol would be required to form a 20 per cent statutory content of our annual consumption of gasoline which in turn would call for some 50,000,000 bushels of wheat for alcohol distillation purposes.
>
> The manufacture of industrial alcohol proper is a business entirely divorced from that of the production of spirituous liquors both in equipment and practice, and all considerations of this subject should avoid the ordinary meanings of the terms "distilling" and "distillery." If the United States should enact the proposed legislation, the manufacture of industrial alcohol from grain would naturally form a part of the petroleum refining industry rather than of the brewing and distilling industries, for obvious reasons, and the same would be true in Canada.

I have a letter from a Mr. Faulkner in Calgary who has had some years' experience as a director of a large industrial alcohol plant in the United States. He says in part:

> Apart from the fact that alcohol necessary to supply Alberta's requirements for such a

motor spirit would take some 3,000,000 bushels of wheat per annum, and give the farmer about $1,000,000 above present prices, there is the additional advantage of the refuse in the form of cattle feed, either in the wet form for immediate consumption or in the dry form for shipment. Also, that this industry is the largest consumer of coal of any industry outside of blast furnace operations.

. . . this industry is entirely divorced from the manufacture of liquor for human consumption. Differing in equipment and practice and in everything it has no identity with the ordinary distilling business in any form, if run solely for the purpose stated.

And in referring to the legislation which is now before congress at Washington he says:

If such legislation could be passed it would mean an increase of ten cents per bushel at least in the price of grain to the farmer and a big boost to the cattle and hog industries.

I took the trouble to write to the bureau of standards at Washington, D. C., and ask them if they had any bulletins dealing with the matter. In a bulletin which I received from them I find two or three paragraphs which show that this industrial alcohol can very well be used with gasoline to make a better motor spirit than gasoline itself. It says:

Blends of alcohol and gasoline containing less than 15 per cent of alcohol sometimes can be substituted for gasoline without readjustment of carburetors. These blends give leaner fuel-air mixtures than gasoline alone, hence if the carburetor is adjusted for an over-rich mixture, as is commonly the case, the alcohol blend substituted for gasoline may give equal fuel economy.

Alcohol is an anti-knock fuel and alcohol-gasoline blends knock less readily than the same gasoline without the alcohol, therefore they can be used in high-compression engines. The addition of fifteen per cent of alcohol to a gasoline will improve its knock rating about as much as the difference between the usual premium and non-premium gasolines, or about three cents worth at retail prices.

Ethyl alcohol can be made from grain, potatoes, molasses, or from various vegetable by-products. It can be made also from natural gas and from by-products of the distillation of petroleum or coal To produce one gallon of alcohol requires about twenty-five pounds of either grain or molasses, hence the cost per gallon of alcohol from these sources can hardly be less than the cost of twenty-five pounds of grain or molasses.

Mr. DUPUIS: I would ask the speaker what he is citing.

Mr. COOTE: I am reading from a bulletin put out by the bureau of standards at Washington, D.C., dealing with the use of alcohol as a motor fuel.

Mr. DUPUIS: Is this used for agricultural purposes?

Mr. COOTE: The industrial alcohol is made from surplus grain, that is why it should be of interest to this committee when we are discussing the estimates of the Department of Agriculture.

I have just one sentence to finish the quotation from the bulletin:

This permits a comparison between the cost of alcohol and gasoline.

If a gallon of alcohol can be made from twenty-five pounds of grain it is quite clear that the gallon of alcohol might easily be sold at less cost than a gallon of gasoline now brings in western Canada, considerably less.

Then it continues:

In certain countries the cost per gallon of gasoline considerably exceeds that of alcohol.

I think that is true in western Canada to-day.

Under such conditions the use of alcohol-gasoline blends for fuel purposes is economically justified provided the technical difficulties are satisfactorily met.

The reason I am bringing up this matter here is to ask the minister whether his department has made any investigation of the subject, and if so, what conclusions have been arrived at; and if no investigations have been made, whether the minister would not take it under consideration and have some of the officers or some branch of his department investigate the subject. It seems to me that there is evidence enough available to justify a thorough investigation. It might be that we could supply a percentage of the gasoline requirements, or the motor fuel requirements, from surplus grain rather than imported oil.

Mr. WEIR (Melfort): I believe this work is now undertaken by the National Research Council, but we will be very glad to look into it.

Mr. COOTE: Does the minister mean the National Research Council? I know that very often the national research bureau carry on investigations which extend over a very long period of time before we get any definite results, and if the minister has any way of speeding up this investigation I am sure it would be very much appreciated by a good many people in western Canada. I judge that from the correspondence I have received regarding the matter in the last couple of months. The fact that such a bill has been introduced at Washington has caused considerable interest in western Canada. I think

that is a matter that should be pushed energetically, so that we may know if it is feasible. If it is we can proceed to make use of some of our surplus grain for motor fuel.

Mr. DONNELLY: I notice on page 68 of the estimates, under the heading of contingencies, an item for travelling expenses. In looking over the estimates for 1931 I find that we voted $90,000 under this heading, and the last year the amount voted was $79,500. This year I see all the government asks for is $6,000. What is the idea? Are they not going to do any travelling or were the votes in other years higher than usual?

Mr. WEIR (Melfort): The travelling expenses this year have been taken from this vote and included in the departmental votes. That was discussed when various items were being put through.

Mr. REID: I see an item here in connection with dominion apiarist. I wonder if the minister has given any consideration to the coordination of the work of the dominion apiarist with that of the provincial authorities. I believe I am correct when I say that those who keep bees in British Columbia do not get the benefit from the Agassiz experimental farm that they would obtain if the farm were in a more central location. The provincial government have inspectors who not only inspect apiaries but who also give demonstrations for the benefit of those keeping bees. I believe we are not getting the advantage we might get from the money spent in this work at the experimental farm. The provincial grant has been cut down for reasons of economy, and I think it must be very difficult for one inspector to cover the whole of the Fraser valley. I would suggest to the minister that whoever is in charge of the Agassiz farm should work in close cooperation with the provincial authorities in connection with inspections and demonstrations throughout the Fraser valley.

Mr. WEIR (Melfort): The dominion apiarist does work in very close cooperation with the provincial authorities; there is full cooperation in all work between the dominion and the provinces. For instance, I have instructed all the officials of my department in British Columbia that when the provincial minister of agriculture calls a meeting of technical men he is equally free to notify the federal men to attend. These conferences have been called in British Columbia, as in several other provinces, and the benefit derived is in the fact that they decide on what outstanding agricultural problems should be attacked. They also review what is already known, and if any other problem comes up they have the advantage of any knowledge that may be possessed by the federal experimental farms. They all work together as one body on any agricultural problem that may present itself.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Quebec

Under contract—
Riviere la Guerre — contribution towards dredging, province of Quebec to bear a like amount, $23,000.

Essential undertakings—
Anse au Canard—improvements to training piers, $2,100.
Anse au Griffons—to complete wharf improvements, $3,500.
Anse au Griffon (river)—improvements to jetties, $12,200.
Batiscan—freight shed, $1,350.
Champlain dry dock—keel blocks, $26,000.
Doucet's Landing (Ste. Angele de Laval)—wharf improvements, $7,900.
Havre au Maison, M.I.—wharf, $5,200.
Isle Verte—wharf reconstruction, $13,300.
Matane—repairs to harbour works, $24,100.
New Carlisle—wharf reconstruction, $22,000.
Paspebiac (Robins)—wharf extension, $25,000.
Petit Cap—breakwater reinforcement, $20,000.
Rimouski—wharf repairs and improvements, $47,100.
Ste. Emelie—wharf reconstruction, $18,000.
Timiskaming dam — reconstructing Quebec side, $70,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $400,000.—Total, $720,750.

Hon. H. A. STEWART (Minister of Public Works): When this item was under consideration previously certain information was requested as to the details of expenditures made under the general vote of $400,000. Those details were tabled that day.

Mr. BOUCHARD: Would it be proper under this item to refer to the Riviere-Ouelle wharf?

Mr. STEWART (Leeds): Yes, to any matter.

Mr. BOUCHARD: As the minister knows, I have written on different occasions with regard to this wharf. Two years ago a storm destroyed the middle portion, and this wharf is bound to disappear if repairs are not made immediately. I would urge upon the government the necessity of having this work done at once. I always receive very kind and courteous answers from the minister, but I think the time has arrived when there should

be some action. There is a gap of about 35 feet between the two parts of the wharf; as a matter of fact the outer end is an island to-day. This wharf is very important; I think it is one of the few deep water wharves in the lower St. Lawrence. I believe the minister said it would cost something like $30,000 to make repairs at the present time, but if we wait a few more years it is impossible to say how much it may cost. I would like the minister to say if it is his intention to maintain this wharf, which is essential for the navigation of that part of the river and, if he is prepared to do some temporary repairs this year, when that work will be done.

Mr. STEWART (Leeds): As my hon. friend has said, he has made representations from time to time in connection with this wharf. There is no doubt that it does require repair, and it is just a question of whether or not we can find the necessary funds. It is rather a large amount, but I will have the matter reviewed to see if we can meet my hon. friend's request.

Mr. BOUCHARD. Does the minister realize that in another year or two this wharf will be completely destroyed? Has he any report from the engineers? I wish we could get a little more information. I am not an engineer, but I have observed the wharf quite closely. In its present condition it is not a credit to the government. The minister always has been very courteous; he has always answered my letters and given me some hope, but we cannot live on hope. In my locality there are many unemployed who would be glad to get this work. There is no deep water wharf between Rivière du Loup and Quebec, a distance of 125 miles, and in time of storm, or for other reasons, this wharf might be of great use. If it is not repaired within a year or two the government will have to spend three or four times the amount that would be required if something were done now. The former Minister of Justice (Mr. Lapointe) is aware of the condition. Many tourists arrive at this point and at times the boats used to chase bootleggers are forced to take refuge. It is necessary to use rubber boots or find other ways of going from one part of the wharf to the other. I wish the minister could see this wharf to judge for himself how necessary are the repairs. I am sure he would be convinced that something should be done. The minister has been given lots of time to consider this matter and I am sorry to see that the estimates do not provide for this work. I hope the minister can see his way clear to promise that fuller consideration will be given to this matter. The people in my district want more than faint hopes. With the engineers at his disposal, the minister should be fully acquainted with this matter. It will be all right if he desires to obtain further information but I think it is my duty to insist that this wharf be put in proper condition.

Mr. STEWART (Leeds): I can only say that our reports are very complete and they indicate that it is desirable that repairs should be made to this wharf and that if they are not made, heavier expenditure will probably have to be made in the future. My hon. friend must realize that there is a very persistent and general as well as a sincere demand for a curtailment in expenditure. He knows that these expenditures are made from revenue and not from borrowings and that we have to meet the emergency of falling revenues. We are unable to make all the repairs which we recognize it would be to the advantage of all concerned to make. I cannot give my hon. friend a definite promise, and I am sure he does not expect one, that this expenditure will be made this year but I can promise him that we will review the situation and see if we cannot make some provision in the supplementary estimates. However, if the supplementaries are not larger in proportion than the main estimates, we may have to disappoint him.

Mr. POWER: When this item was being considered some time ago the attention of the committee was called to the item covering harbours and rivers generally. No new works are undertaken under this vote, it being for the maintenance of services. The vote this year totals $400,000 while the total vote for Quebec totals $720,000. Over half of the total vote is to be expended by the minister without consultation with parliament. When this matter was last before the committee, if I remember right, the minister stated that it had been the custom to vote fairly substantial amounts for harbours and rivers generally. The estimates for 1931-32 show that this vote totalled only $110,000; for the year 1930-31 it was $100,000 and for 1929-30, a preelection year, it was only $100,000.

Mr. LAPOINTE: And in a time of great prosperity.

Mr. POWER: And in a time of great prosperity. The amounts voted for harbours and rivers generally in those years were small when compared with the total vote. The government has got away from the control of parliament with the peace, order and good

government and relief proposals, which covers relief to the fishermen of Newfoundland in the payment of their debts, and other matters, and it seems to me that in the case of public works it is going a little too far to ask that over half the total vote be left to the discretion of the minister. If the minister would bring before the committee all the details of this vote I have no doubt that some hon. members would be able to point out certain items which were not necessary. I think the procedure followed by the minister is wrong and is not in keeping with the traditions and customs of the department. It is altogether out of line to have more than half of the total expenditures for one province left entirely to the discretion of the minister and his officers. It would be much better and we probably would get through much faster if we just had a total vote for $720,000 without any details. We might just as well have that as only a few details and then a lump sum vote for $400,000.

Mr. STEWART (Leeds): In ordinary times there might be some force to the argument made by my hon. friend, but he must remember that these are not ordinary times. We are following a policy of reducing to the minimum the expenditure for public works and making provision only for repairs and maintenance. This vote is made elastic in order to meet any emergent conditions which might arise through storms or other causes. We have specified and asked for votes for certain items which were thought desirable and it is proposed that only the most urgent and necessary repairs will be made under this particular item. Very often it is found that storms produce conditions which require an immediate expenditure, and it is for this reason and this reason only that the vote is made in this way. The last time this vote was before the committee I gave the details of the expenditures during last year. I think my hon. friend will agree that those expenditures were pretty general. I assure him that there is not any desire to select works here or there or to prefer one particular district to another. Our aim has been to keep open the public services to the best possible advantage.

Mr. POWER: I would be the last man to accuse my hon. friend of having the idea of spending money only in certain selected localities. I know he would not do that, and I am quite sure none of the members from Quebec sitting behind him would ask him to do so. I know their altruism, their patriotism and their strong desire not to expend any money in their ridings; they wish to set an example of economy to the public. I suppose that would apply equally to money to be spent in Liberal ridings. They ask the Liberals also to set the example. I realize that we are going through a time of emergency, but perhaps the minister's estimates would be lower, he would be called upon to spend less money, if he gave an itemized account of the manner in which he proposed to spend it. In former years, when the vote was, as I have already stated, something like $100,000 for these unforeseen expenses, storms occurred; the wind blew just as much along the gulf of St. Lawrence and it was just as strong and the waves were just as high as they will be in 1933-34. At least I expect they will, and it was not considered necessary to lay aside for these repairs more than $100,000. It is true that under the present administration we may expect storms of all kinds, but surely Providence will save us from what I might call physical storms; it is bad enough to have the brainstorms which are sometimes inflicted upon the house, without our being troubled by wind and rain. Even though the minister has given his explanation in the best manner possible and without offence, arguing the case well, I suggest that his explanation is a lame one. There is no more reason why we should this year permit half the estimates to be spent at the discretion of the minister than there was any other year. If the minister really wants to economize, he will accept my suggestion—and I am doing this for the harbour and river work in my own province—that we cut this item by $200,000. I am making that suggestion with a sincere desire to cooperate.

Mr. LAPOINTE: Would the minister tell the committee how much was spent last year out of this $413,800 general vote, and where?

Mr. STEWART (Leeds): The amount expended was $407,000 to March 15, and at the request of several hon. members I tabled a list of the works upon which this money had been expended. I can only supplement what I have said in reply to my hon. friend by telling him that this expenditure was very general. I find that out of the sixty-five constituencies in Quebec, expenditures were made in forty-two. That is a pretty general distribution of the amount. I can assure my hon. friend that we did not find $400,000 last year sufficient to meet the requirements of my hon. friends on that side and on this. My hon. friend has just been preceded by another hon. member who is asking for a considerable expenditure —I think he said about $30,000—on one wharf, and suggesting that in the meantime possibly a smaller expenditure of $10,000 might meet the situation. There are particularly on the

lower St. Lawrence in Quebec, a number of wharves that are badly in need of repair, and if my hon. friend's suggestion were adopted that this vote, which we did not find adequate during the past year, be cut in two, we would only be increasing the grounds of complaint and the difficulty of meeting the suggestion of my other hon. friends opposite.

Mr. LAPOINTE: If we vote the whole amount, will the minister guarantee the repairs to the wharf of the hon. member for Kamouraska? I know the place very well—this used to be my constituency—and the wharf needs that work very badly.

Mr. STEWART (Leeds): I can only say that the chances would be very much better of getting something done if the vote were not cut in two.

Mr. POULIOT: Would the minister be kind enough to table the engineer's report on wharf reconstruction at Isle Verte, $13,300, which item is included in this vote? Would he be agreeable to tabling the report to-morrow or some other day in order that hon. members may see it?

Mr. STEWART (Leeds): I cannot say offhand. This is one of the items mentioned in the estimates. I think my hon. friend will agree that sometimes engineers' reports are of a confidential character and possibly should not, in the public interest, be tabled. At this time I have no reason to believe there is any objection to tabling this report; I shall be pleased to go over it and if there is no objection in the public interest, I shall be glad to give my hon. friend a copy of it.

Mr. POULIOT: The Minister of Public Works speaks like a Norman; he gives very nice answers that can be taken both ways. He knows the house likes him, but I do not think we should be asked to vote $13,300 for Isle Verte without knowing the details. If the report of the engineer has satisfied the minister sufficiently to permit him to put that amount in the estimates, we have the same right as he has to pass our judgment on the matter. May I tell him now that I have been very useful to him in the house; I have brought up matters that have been of use to him; I have told him what has happened in my constituency. On February 7 I informed him what happened last year at Cacouna in regard to wharf repairs and he was kind enough to send an engineer to make an investigation. I hold in my hand reference No. 206, sessional paper 343, in which the engineer mentions my remarks and then makes his own comments. He contends that most of my remarks were invented and the others were much exaggerated. The house will see whether there is exaggeration in my remarks. He says:

Mr Pouliot remarked that:—

(a) "Most of the time there were two foremen in charge of two men. One foreman was named Roy and the other Dumont, each having to look after one man. Many men were employed at the wharf, but each only for a short time; they were employed mostly two by two or three by three throughout the summer. The two foremen did not take more men so that their work would last longer."

These were my remarks he quoted. This is the explanation of the investigator:

To this, I may say that there was only one foreman, Mr. Jean Roy. He conducted the work, worked sixty-one days and was paid $5 less 10 per cent, per working day. Mr. Vincent Dumont worked with his hands—

I do not imagine he could work with his feet.

—forty-nine days, as carpenter, and two days, as labourer. He was recognized as the chief carpenter, but was paid the regular carpenter and labourer rates, viz: forty-two and a half cents and thirty-five cents, less 10 per cent, per hour.

This is a little job for one man to work sixty-one days and the other fifty-one, but there was only one real foreman, the other being chief carpenter.

The foreman had under his orders up to eleven men at the same time, and the average number during the whole period from the beginning to the end of the work was eight men.

There has been a total of twenty-nine different persons employed on this work. Of these, twelve worked during June, twenty-one during July, and eighteen during August.

The number of working days is not mentioned, but if one man worked only one day he would have been counted as one of the twenty-one who worked during July.

That means to say that most of the workmen worked for a relatively good portion of the time that the work lasted.

That is only a supposition; nothing is said about the length of time any of the men worked there.

(b) "Roy and Dumont were very busy looking after the two other men. One had a chisel in his hand and the other a hammer. On the hammer there was an apparatus for pulling out nails, so that when he hammered a nail he immediately pulled it out, because it had been hammered in the wrong direction. Then he proceeded to put it in again. All this took place under the vigilant eyes of one foreman. Then the other used his chisel to give a satin finish to the timber in the wharf."

Now, the departmental investigator said that most of my remarks were unfounded

while others were exaggerated. Here is his comment:

To this, I may say that no such hammer has been used. As to the chisel, I may say that one has been used for a few hours—

As a matter of fact is was a few hours.

—not to give a satin finish to the timber of the wharf, but to make the joints in the handrail. I may add, however, that a plane has been used to make the bevelled edges of the railing and plane the surfaces of these timbers and of the handrail.

He says that the chisel was not used to give a satin finish to the timber of the wharf but that a plane was used to make the bevelled edges of the railing. I suggest that his term is synonymous with mine; at any rate, if there is a distinction between what he says and what I said, it is very subtle.

(c) "I have been told by reliable people that two young men about fifteen or sixteen years of age were employed fifteen days doing some painting which could have been done by a good man in two days".

To this, I may reply that the two youngest men employed on the work were Lucien Roy, nineteen years of age, and Baptiste Berube, twenty-five years of age.

The painting work done consisted in giving two coats of paint to the whole railing, top of the sheathing, handrail and mooring posts.

In order to magnify it, he mentions the whole railing first and afterwards the top of the sheathing, and then the handrail and mooring posts, though, the top of the railing is included in the whole thing; and as everyone knows there are not more than a dozen mooring posts on any of these wharves. However, to continue:

It is estimated that about ten thousand square feet of timber had thus been given two coats of paint. Fifty gallons of paint were used, and it is obvious that no good man, however good he might be, could have done the work in two days.

It will be observed that the time during which the foreman and the chief carpenter worked, respectively, has not been separated.

I may remark here that the painting was executed by Lucien Roy and Baptiste Berube, who have worked together a total of 34 days on the wharf, but the time taken for doing the painting has not been separated from the time employed at other works. They were paid as labourers 35 cents, less ten per cent per hour.

(d) "Another young man was very busy carrying wood shavings from the wharf to a small building nearby, putting those shavings in bags and taking them to the home of the foreman."

The foreman reports that he had employed an old man to carry water and do other light work, and this old man was so active, a kind of old age pension.

[Mr. Pouliot.]

Mr. STEWART (Leeds): The hon. member is purporting to read the report in answer to his objections taken on a former occasion, and he is interspersing it with comments of his own which are being read into the record as if they were part of the report. It is not fair. He says it is a kind of old age pension.

Mr. McINTOSH: He wants to improve the construction.

Mr. STEWART (Leeds): I do not think my hon. friend intends to convey the effect which his interjection of words into the report will have.

Mr. LAPOINTE: He wants to put some spice into the report.

Mr. STEWART (Leeds): It will appear as part of the report. If the hon. member will make it clear what is his own contribution, and just what is contained in the report, I have no objection.

Mr. POULIOT: I am perfectly agreeable to the minister's suggestion, but he knows that I shall give the text to Hansard. Hansard is true in its reports, and I will see to it that the text of the report is published in small characters while my own—

Mr. STEWART (Leeds): —appear in large letters.

Mr. POULIOT: I am too modest to say, every time I interject something of my own, "This remark is mine." I am too modest to do that sort of thing; it would offend my sense of what is right. However, so that there may be no misunderstanding at all, I will say, whenever I introduce a parenthesis of my own, "between paragraphs", or better still, "between brackets", which would be more appropriate, seeing that we are discussing the work of carpenters. I will continue:

To this I may say that the foreman reports that he had employed a very old and poor man to carry the water and do other light works, and that this old man was so active that when he had a few moments to spare he picked up the wood shavings and brought them in bags to the shed. He claims that the workmen that wanted any of these wood shavings could take them after their day's work, and that he, the foreman, had taken less than the others.

It shows how disinterested he was.

(e) "I am informed that some of the paint left over was used to decorate a sailing boat or canoe belonging to a good friend whose home happened to be near the wharf."

Between brackets, this is a quotation from my own speech given in this report, and here is the comment of the investigator:

To this, I may say that some children, playing at the wharf, after the workmen had left the

place, found some of the empty paint cans and daubed a rowboat belonging to Mr. Levesque. Of this, Mr. Levesque complained to the foreman, and as the damages had been done with remnants of paint belonging to the government,—

Between brackets, it is extraordinary that there were remnants of paint in empty paint cans. Close brackets.

—, it was thought that it was proper to repair these damages in giving a new coat of paint to the rowboat of Mr. Levesque. But this was done the last day that they worked at the wharf with the paint that was left over by Lucien Roy, during his lunch hour.

Imagine that. After they were through with their work one of them, a young man of nineteen, was so devoted to his country that he remained throughout his lunch time to paint the boat, using paint that had been left over. What great devotion to his country.

(f) "It was a family affair and did not help the unemployed at all."

This is a quotation from my speech. The comment of the investigator is this:

To this I may reply that the work was not an unemployment relief work, but a regular work of the department. The foreman has employed his brother, Ernest Roy, because he was a poor man with eight children and his son, Lucien, because he was a painter by trade. He has also employed alternately two other relatives, Theodore Michaud and Georges Michaud, but he said that they needed to work as much as the others.

As twenty-nine persons have been given employment on this work, it is clear that although the foreman, Roy, has favoured some of his relatives, the work cannot be considered as a family affair.

If the foreman of the wharf had been Prime Minister he would have appointed not only his brother-in-law to Washington but his brother as well, and he would have appointed his son and two other relatives, and I suppose that would not have been described as a family affair. That remark is between brackets. I resume the quotation:

As the work was not considerable, it was not possible for the foreman to economically give work to a greater number of men than he did. Most of the twenty-nine men employed were men in the same condition as those not employed.

I cannot understand that very well.

I consider that the work did help as much as possible the unemployment situation.

It did help the unemployment situation for those men who had work on the wharf, but those who did not receive work did not have the same chance. Then, here is something:

The work was executed from June 23, to September 2, 1932, inclusively, and was done at a total cost of $2,561.87 divided as follows:—

Materials and supplies .. .. ..$	1,120 30
Labour and superintendence.. ..	1,441 57
$	2,561 87

The authorization, dated June 4, 1932, was for $3,000 leaving, therefore, an unexpended balance of $438.13.

I am very sorry that the department did not see to it that the complete repair work was not done to the wharf in order that the money might be spent for the relief of the unemployed. Without any desire to be facetious, may I ask the minister in the future to give as much attention as possible to heads of families and men supporting mothers or sisters. I say that in the interests of all hon. members. I am not asking the Minister of Public Works to do anything particularly for my own constituency, because I know very well there are other requests coming to his department to which he has to listen. At the same time there is a wharf at Cacouna which needs repairing. The top of the wharf has been torn away by ice, and as a result it is in very bad condition. Some years ago a resolution was forwarded by the municipal council of Cacouna asking for the immediate repair of the wharf, but at that time the application was set aside. Again last year I asked the minister to do something, but nothing was done. I am wondering if this year he will do something under the $400,000 vote now submitted to the house.

It is not my job to recommend the employment of certain persons. However, I am as much interested as the minister is in seeing that the money serves the purposes for which it is voted. There are many places in my constituency as well as in other constituencies where money could be spent, and I am interested in seeing that it is not wasted. I have much consideration for the minister. Although I do not recall doing so, I believe I have said to the minister that the bite of a friend is better than the kiss of an enemy. If I give to him information which appears strange, I can substantiate it. When the report states that my representations were exaggerated, I must leave to the judgment of the house whether they were or not. I spoke in all fairness, and only for the information of the minister. The House of Commons is the proper place to express the grievances of my county, and I am doing my duty to the best of my ability. Although at times I may be wrong, yet I speak in all sincerity, and I hope the minister will accept my words in the spirit

in which they are given. When the minister does something right in my constituency I would be the first to offer my praise, and when something is done improperly I will be just as frank. I ask for information about the public works at Isle Verte only in fulfilment of my duties as a watchdog of the exchequer, and in defence of the attitude of the minister when it has been assailed by his own friends in my constituency.

I speak now in all fairness, and I hope the minister will accept my observations in that light. I should be very happy if he would tell me how much of the $13,300 will be spent for labour, and how much for materials.

Mr. STEWART (Leeds): The hon. member has asked for information regarding expenditures at Isle Verte, one of the specific items in the estimates. In the ordinary course of events that work will be done by contract. I believe the hon. member will agree that in advance of asking for tenders it is not in the public interest that engineers' reports and estimates of costs should be made public. I assure him that the specifications or plans have been under consideration and are subject to revision. Suggestions have been made as to possible changes or improvements which might be made in the plan as outlined when the estimate was prepared.

The hon. member has been fair enough to read practically the whole of the report of the district engineer. As I recall it he omitted only one paragraph on page 4, which gives details of the work, and I believe that paragraph was not material to the discussion. I say to him, and to every hon. member in any section of the house, that I welcome honest, candid, fair criticism. That is the only way in which the administration of a department such as the Department of Public Works can be kept clean and efficient.

Mr. POULIOT: The minister will admit that he is treated fairly by this side of the house.

Mr. STEWART (Leeds): When the hon. member made his criticism of expenditures I assured him there would be a thorough and complete investigation.

Mr. POULIOT: For which I thank the minister.

Mr. STEWART (Leeds): I repeat what I have stated on many occasions, that if an hon. member rises in his place, makes a criticism and states he believes it to be well founded and a matter which should receive investigation, it will be investigated, regardless of consequences,—let the chips fall where they may. That will be my policy as long as I have the honour of being in charge of the Department of Public Works. Following that policy, instructions were given the district engineer to investigate the matter about which the hon. member has spoken. The hon. member has quoted practically the whole of the engineer's report. I believe it is only fair to say the answer of the district engineer is that the complaints are not well founded. Unfortunately from time to time hon. members from all parts of the house receive information which they believe to be correct, but which upon investigation either by themselves or by others is found not to be as accurate as they had supposed. The report of the engineer goes into the statements of my hon. friend in detail and gives his finding. Some good comes of these investigations; all I ask is that my hon. friends convince themselves in the first instance that the complaints are well founded, or that there is some good reason for an inquiry, because these investigations involve time and expense, and some complaints have been found to be frivolous, not well founded, really unwarranted in the first instance. I do not go so far as to say that that applies to the complaints of my hon. friend in this case.

Mr. TETREAULT: I have listened with great attention to the hon. member for Témiscouata (Mr. Pouliot), who is a notable member of this house, because he is on his feet about every five minutes. I noticed he was trying to cut a channel through the administration of this department with a hammer and chisel. I have some remarks to make at this time about the previous administration. I will not use the same tools as my hon. friend; I am going to use a dollar bill or a thousand dollar bill. While the committee is considering public works estimates may I make a few remarks which I presume will be of interest to our hon. friends opposite who have been so bitterly criticizing the Department of Public Works on account of public expenditures and political interference. My hon. friend from Témiscouata will, I trust, bear this in mind and listen to what I have to say with regard to public works carried out in my own constituency under the previous administration. Listen to the interesting story of the erection of a post office—

First, I may inform the committee that my Liberal friends waged three elections with the promise to build a post office in the town of Waterloo, Quebec. It was in 1921 that they

first promised that the building would be erected without any delay. They won the election, but nothing was done. In 1925, feeling that they had to do a little more, the late Mr. George Boivin, then member for Shefford, recommended to the government the purchase of a lot belonging to Mr. H. Forand of Waterloo for the erection of a post office. Eventually the land was purchased for the sum of $3,650, which was paid by cheque to the order of Mr. Forand and two other parties. I must say, however, that according to the registers of the town of Waterloo, as they actually stand, this piece of land appears to be still in the possession of Mr. H. Forand. But in the meantime the sum of $3,650 appears to have been divided among three ardent friends of the previous administration whose names I shall not mention. In 1927, in spite of the fact that land had already been sold to the government and paid for, some other political friends of the then administration decided to try to sell another site for the erection of the post office adjoining the one already purchased by the government. Consequently under the recommendation of an officer of the Department of Public Works, Montreal, and of the ex-member for Shefford, Mr. Boivin, another piece of land was sold to the government, this time for the sum of $7,500.

Mr. POULIOT: Is Waterloo in Témiscouata county?

Mr. TETREAULT: No, I was just referring to the challenge the hon. member was trying to make of the administration of this department, I am just bringing before the committee what was done under the previous administration.

This sum, added to that already paid for the first lot purchased, makes a total of $11,150 for the land only, paid by the then government to its political friends in Waterloo. I may say that at the time the department could have purchased the nicest property on the main street of Waterloo for less than this amount. In this respect perhaps the house will be interested to know the exact value of the property sold to the government for that sum of $11,150. I communicated with Notary A. Boulay, secretary treasurer of the town of Waterloo, asking him the valuation of this land according to the municipal roll. This was his reply, under date of February 17, 1933:

> Replying to your inquiry of the 15th instant, I must state that when the government purchased the piece of land on which the post office was erected, the said lot was assessed at $800 by our municipal appraisers.

I was not satisfied with the answer, for of course, I know that under the previous administration everything was done honestly and without any political interference whatever, so I took it upon myself to write again. I said this secretary must be wrong, because I heard the hon. member for Témiscouata finding fault with everything done by this government—

Mr. POULIOT: Not everything.

Mr. TETREAULT: I wanted to find out if there was anything wrong with this reply, so I wrote a second letter to Mr. Boulay, for more precise information. This was his reply:

> I am sorry that I cannot give you a more precise figure, as this lot has not been valuated after the sale of a part thereof to the government. Before this piece was taken off, the Forand property was valued at $1,000, and the property purchased from Mr. Whitehead at $800 In order to get the exact figure it would be necessary to subtract from the sum of $1,000 the value of the piece of land remaining to Mr. Forand, and this represents the largest piece thereof.

This means, in a word, that land estimated at somewhere around $800 by the municipal appraisers was sold to the government at the price of $11,150. This statement needs no further comment.

In 1929, just before the 1930 election, the party decided that it was time to build the post office which had been promised during the two previous campaigns. We have heard something in this house during the last three years about the election of 1930. I would like to remind my hon. friend what was done just before the election of 1930. The party decided that it was time to build the post office. An amount of $21,000 had already been voted for that purpose, therefore our friends proceeded with the enterprise. If we look up the records of the department we find that many friends of the then administration were interested in that building. My hon. friend had three, one father and two sons, interested in this work under the Public Works department.

Mr. POULIOT: May I ask my hon. friend if the post office was built?

Mr. TETREAULT: I will tell you when it was built. They have bought the land now.

Mr. POULIOT: Why was it not built? On such expensive ground it should have been built at once in order to make use of the site.

Mr. TETREAULT: I will let you know exactly about that. First the hon. member for Sherbrooke recommended the architect

Mr. Gregoire of Sherbrooke, who happened to be his recognized Liberal organizer. No tenders were asked. Mr. Gregoire was appointed. Then, after the plans were submitted by Mr. Gregoire tenders were opened and the contract awarded to Mr. Alphonse Daris, of Richmond, and the building was finally put up.

Mr. POULIOT: I should like to know if the post office was built on that property.

Mr. TETREAULT: I will tell the hon. member the whole story. Let us see how much it cost—that is the important part for him. During the election campaign of 1930 the ex-member for Shefford, Mr. P. E. Boivin, and his supporters were claiming on the political platforms of the county of Shefford that this nice building which had been erected in Waterloo cost only $21,000.

Mr. POULIOT: I rise to a point of order, Mr. Chairman. I do not wish to interfere with the reading of my hon. friend, but we are discussing undertakings in harbours and rivers. I wonder if this post office is built in a river or in a harbour. I ask if my hon. friend is in order in reading something about the building of a post office.

Mr. TETREAULT: If I do not get this before the committee now I will do it later.

Mr. POULIOT: I ask for a ruling.

An hon. MEMBER: You are afraid to hear it.

The CHAIRMAN (Mr. Gagnon): From the discussion so far I cannot say whether the remarks of the hon. member are in order or not. When I am sure I will give a ruling.

Mr. TETREAULT: It was said that this nice building cost only $21,000. The truth is quite different. In fact, to certain questions which I put on the order paper on February 16, 1933, inquiring as to the total cost of building the post office, the answer was $43,303.99. Here is another incident which will demonstrate that this building was erected for the benefit of political friends. As usual, a man was required by the department to supervise the construction work. This selection was to be made by the Civil Service Commission, and notices were issued advertising it and specifying the qualifications, which were as follows:

Education: primary school, preferably high school graduation; three years experience as foreman of construction.

However, the Civil Service Commission did not have anything to do with the nomination. Mr. Oscar Seguin of Waterloo was recommended by the clerk of public works and the then member, for Shefford, Mr. Boivin, as being an expert fully qualified for the position. Consequently he was appointed. Mr. Seguin was and still is the Liberal organizer of the county of Shefford, and I claim this is the only qualification he had to supervise this work. In fact he had no experience whatsoever in construction work, as he had previously been a motorman on the Montreal electric tramways and, if my information is correct, red or green pill salesman, finally and suddenly to become the editor of Le Journal de Waterloo, the most ridiculous and insignificant newspaper that could be found in the eastern townships. At the time he was appointed to supervise the construction works his occupation was selling liquor for the provincial government. These were his qualifications; that was the kind of expert we had to direct the construction of that building. For his services as supervisor this man received $1,500.86 for one year, and he also had a position with the provincial government at the time. This fact will prove to the committee that whenever the Civil Service Commission makes an appointment it is not always the best qualified man who obtains the job.

This is not all. When the new post office was finally erected the old one, which still stood in front of the new one, had to be demolished. Instead of proceeding in the way generally adopted, as was done in my own city of Granby when we constructed a church two years ago—that is, to sell the properties to be demolished by auction sale and thus receive from $500 to $700 for each—they gave a contract for the demolition of the old post office. The man who was awarded this contract received from the government the sum of $2,240, plus the material remaining from the old building. And this is not all. There was, of course, a deal between the government and the owner of the first piece of land for the sale thereof. This deal was completed before notary R. R. Bachand, who charged the department only $73 for signing this transaction. I may inform hon. members that in addition, his name appeared on the first cheque for $3,650 issued by the government in payment for this piece of land, which still appears to be the property of Mr. H. Forand.

There is still more. When the post office was completed a heating system was installed therein, the cost of which amounted to $800. This system was sold to the department by the Fess Oil Burners, Limited, through their official agent in Granby, Mr. P. E. Boivin, ex-member for Shefford. However, due to the fact that members of parliament are not

allowed to sell to the government, I must explain that the sale was conducted under the name of Mr. Boivin's accountant, who acted as regular agent in this instance.

In conclusion, I may say, Mr. Chairman, that it is quite fortunate that we do not have a water power such as Beauharnois in the county of Shefford, because certainly we would have had a repetition of the Beauharnois scandal had our Liberal friends from Waterloo and Granby only had a wider field to work on than the mere construction of a post office.

Before taking my seat, Mr. Chairman, I wish to point out that the officer of the Department of Public Works who recommended to the government the purchase of these lots at such prices and the nomination of the so-called expert who supervised the work, should not remain in the employ of the government. Therefore, in conclusion, and as a consequence of the facts I have stated, I would ask the hon. Minister of Public Works that this officer, whoever he may be, be compelled to hand in his resignation.

Mr. HOWARD: Would the hon. member repeat what he had to say about me a moment ago?

Mr. TETREAULT: I am sorry the hon. gentleman was not here, but he can read it in Hansard to-morrow.

Mr. HOWARD: But the item may be passed if we wait until to-morrow.

Mr. POWER: May we have your ruling now, Mr. Chairman?

The CHAIRMAN (Mr. Gagnon): I think in the discussion of the estimates most hon. members are at times out of order. The hon. gentleman who has just taken his seat might have discussed this question on item 130, which will be called in a few moments, but when he started it seemed just as well to let him continue his explanation.

Mr. STEWART (Leeds): This is the first I have heard of this matter, and the hon. member asks that I should do something as minister of the department. All I can say is that I will review the file and endeavour to find out what it discloses and to ascertain who is responsible for the conditions described.

Sir EUGENE FISET: Then we can take it that the minister never heard of this complaint previously.

Mr. STEWART (Leeds): No.

Mr. TETREAULT: May I remind the hon. member that I, not the minister, represent Shefford county?

Sir EUGENE FISET: I think in fairness to the department the minister should have been notified that this question was going to be raised in order that he might give the committee the department's side of the question.

Mr. POULIOT: I think the behaviour of the hon. gentleman has been most unfair to the Minister of Public Works, and on his behalf I protest.

Mr. ELLIOTT: Before the item passes I should like to direct the attention of the minister to the iniquity of putting in estimates lump sums such as this $400,000 under consideration.

The CHAIRMAN (Mr. Gagnon): That point has been raised.

Mr. ELLIOTT: I am not asking you whether or not the point has been raised. If I may say so, Mr. Chairman, if you had been as diligent in noticing points of order a short time ago you would have intervened then and made the suggestion you now make. I want to say to the minister that the very fact that he has spent $407,000 under this item is the best reason that could be given why an amount such as this should not be included in the estimates in this way. Two or three years ago, when there was money in this country with which to carry on public works, $100,000 was considered sufficient for this item. If this item had provided only $100,000 I am satisfied the minister would not have spent anything like $407,000. This is not the time for the minister to place himself in the position of having to submit to the importunities of hon. members with regard to any public works that can be avoided. I think he has seen the error of that policy in regard to public works being done under the relief act, and I want to commend the minister and the government for the all too late repentance and change of heart they have experienced in that regard. They admit now that it was a mistake to do it in that way.

Mr. BURY: No.

Mr. ELLIOTT: Then why did they change the policy?

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. ELLIOTT: When the committee rose at six o'clock I was referring to the item of $400,000 contained in this vote No. 117. I was pointing out the objections to an item of this kind. As I said before, up to 1930

the highest amount provided for harbours and rivers generally in the province of Quebec was $100,000. When objections were raised to this item the minister suggested that he was only following a principle which had been followed for some time. The increase from $100,000 to $400,000 in this item is out of all proportion to the necessities of the present time. That the whole amount plus $7,000 was spent last year indicates the danger in following a course of this kind. It brings about a condition similar to that which occurred under the blanket powers given to the government by the unemployment relief measures. The minister will recall that in objecting to the granting of those powers, I called his attention to the fact that the expenditures in the province of Ontario had been seven times as much in the ridings represented by government supporters as they had been in the ridings represented by opposition members. Such a principle is absolutely wrong. I think the minister and the government have been ill-advised in increasing this item to the amount that now appears in the estimates. It is bad business, and particularly in times like these when the budget presented to the house shows the lamentable condition of the finances of this country. The minister and other members of the government know perfectly well that if this $400,000 had not been in the estimates, no such amount would have been expended. In cases of dire necessity the government can issue a governor general's warrant to cover the cost of repairing and restoring buildings destroyed by fire or wharves washed away by storms. The minister would be better advised to limit himself to what is reasonable rather than to increase the amount by four times. Estimates for public works are in a different category from estimates for other purposes. Representatives of various constituencies are anxious to have works constructed in their own districts and there is a tendency to give way to what is really political patronage when the money is available and the members who sit behind the minister know that it is available. I thoroughly agree with the hon. member for Quebec South (Mr. Power) when he says that this item should be reduced by at least $200,000. There is no justification in a time like this for such a large increase in the amount of money made available for expenditure on matters of this kind.

Sir EUGENE FISET: Mr. Chairman, I do not see why the former Minister of Public Works (Mr. Elliott) should ask that this Quebec item be reduced by $200,000. I do not agree with him, and I congratulate the minister for providing a sufficient vote to help whatever community may need help in days like these. I thank him in the name of my constituents for providing a vote of $47,000 for the city of Rimouski. I would suggest to him that the patronage system might be eased up to a certain extent. I would not ask that a fifty-fifty basis apply, but I do suggest that in considering the needs of our local population at least one-third of the works should go to Liberals of Rimouski.

Mr. HOWARD: I should like to say a few words to correct an impression which may have been left with the Minister of Public Works (Mr. Stewart) by a speech delivered just before six o'clock by the hon. member for Shefford (Mr. Tetreault). I think that speech was entirely out of order, but I think also that it is only right that I should correct any wrong impression which may have been left. Reference was made to the construction of a post office at Waterloo, Quebec, in the eastern townships in the county of Shefford. The statement was made that I had recommended the architect, Mr. J. O. Gregoire, for this work. I did not know that I had, but I hope I did because I would tell the minister that he is a mighty good architect. There are three good architects in Sherbrooke and I am glad that this particular work went to the eastern townships instead of somewhere else. I am sure any one of these architects could have done justice to the work. The hon member criticized the fact that the superintendent of works, Mr. Oscar Seguin, had been working in the government liquor store. I might say that this gentleman came very near to getting the nomination at the last election and being the choice of the people of that constituency. I think that is a fairly good recommendation. He also criticized Mr. Robert Bachand, N.P. This gentleman has since been elected to represent this constituency in the provincial house. That is not such a bad recommendation. As to the suggestions made in connection with Mr. P. E. Boivin, I think that gentleman is well known to the committee and can stand upon his own recommendation. I have no complaint to make of the fact that no items appear in the estimates for the city of Sherbrooke. I appreciate the present financial stress which has forced the minister to take the action he has.

Mr. CASGRAIN: I should like to be in a similar position to the hon. member for Rimouski (Sir Eugene Fiset) and congratulate the minister upon finding items in the estimates to take care of the recommendations which have been made as far back as five years ago for the construction of certain public works in my constituency, but I am not. Many necessary public works have been recommended

in years past and would have given considerable employment to the distressed population, but no provision has been made for their construction. Considerable discussion has taken place in connection with this $400,000 item and I should like to ask the minister if he could indicate to the committee whether or not some of this vote will be used to construct certain public works which are urgent and about which I have written personally. I know that some of these works have been recommended by my late opponent. There has been a request for a wharf at Havre St. Pierre as well as at Sacré-Cœur and Bersimis. Many other requests have been sent to the minister and I should like to know if it is contemplated that some of this vote will be expended in the construction of these works. The population is in need of employment and the works are necessary. They were recommended a long time ago.

Mr. STEWART (Leeds): I shall endeavour to reply, in their order, to the comments and suggestions that have been made, dealing first with those of the hon. member for Middlesex (Mr. Elliott), the former Minister of Public Works. Let me say that nobody is more impressed than is the present Minister of Public Works with the necessity for economy, and if any department is a victim of circumstances, then it would be correct to say that that is true of the Public Works department. Let me briefly run over the total estimates of that department for a number of years. I am giving the round figures:

Year—	Total appropriation for public works
1920-21	$22,000,000
1921-22	20,000,000
1922-23	16,000,000
1923-24	20,000,000
1924-25	21,000,000
1925-26	20,000,000
1926-27	19,000,000
1927-28	20,000,000
1928-29	27,000,000
1929-30	30,000,000
1930-31	38,000,000

In the year 1929-30 the appropriation for this general vote about which my hon. friend speaks was increased from $75,000 to $100,000. The total estimates for public works for the next three years are as follows:

Year—	Total appropriation for public works
1931-32	$23,000,000
1932-33	15,000,000
1933-34	14,000,000

In 1933-34 it was really less than $14,000,000.

Mr. YOUNG: Is that for all public works, no relief work?

Mr. STEWART (Leeds): All public works, buildings, harbours and other public undertakings which, as I have said, in the year 1930-31 amounted to $38,000,000. So I think my hon. friend must agree that this is evidence of economy, of cutting down expenditures. As a matter of fact, I think they have been cut a little too close. The reason this vote is now $400,000 with the limitation upon it that no new work can be undertaken, is on account of the very limited character of the specific appropriation and a desire to leave, as I said, a reasonable, indeed a very small amount in view of the other limited appropriation, available for necessary repairs. My hon. friend spoke about a comparison he made of employment relief expenditures in Liberal constituencies with those in Conservative constituencies. I think the answer is to be found in the fact that for a year prior to the Conservative party taking office my hon. friends took such good care of Liberal constituencies in that area that we could not find anything that really needed expenditure, and I have no complaint to make on that score.

Mr. ELLIOTT: All the constituencies were taken good care of then.

Mr. STEWART (Leeds): Their representatives do not all say so. I might point out that in the constituency of my hon. friend for Charlevoix-Saguenay there was an expenditure last year of $38,000 on twenty-four works. He has a very long coast line.

Mr. CASGRAIN: Very long—785 miles or thereabouts.

Mr. STEWART (Leeds): Almost 800 miles, and in a long coast line like that works from time to time require repairs. I think my hon. friend will agree with me that we have taken fairly good care of conditions down there.

Mr. CASGRAIN: Following what the minister has said, I quite agree with him that some years ago, when the former administration was in office, this district was well taken care of. At that time there was much development and certain works had to be constructed. At present those works are there and of course they have to be repaired, maintained and kept in good working condition to be available in the near future when business revives and the people operating in those districts resume operations. If the government does not make the necessary repairs now, in a few years it will cost the people of Canada much more money to put these works into proper condition to give the service that

will then be required. For instance, from a place called Sacré-Coeur, which I forgot to mention a few minutes ago, about twelve miles north of Tadoussac, I received a communication in regard to some necessary work there. I wrote to the minister in February and he replied that he would put it on the program for the next fiscal year. This is a necessary work. Some people at Havre St. Pierre have communicated with me, and people on the other side have also sent communications as to necessary work there. This is a most important point on the north shore of the river St. Lawrence, and the people need proper means of communication there. The government ought to see that these works are done as expeditiously as possible.

I should also like to get from the minister some information regarding what I said a month or so ago about some works that were carried on at Tadoussac. I remember at that time I read to the house a letter regarding certain complaints that were made. I have been told that since then the government has sent some of its officials to investigate and find out if the facts that I have reported are exactly as they have been presented to me. At that time the complaint was made and submitted to me on good authority that some of the timber which had been purchased there was purchased at a high figure and that only very few people had profited by its sale. Has the minister received a report from the department?

Mr. STEWART (Leeds): Again I can only say that the work to which my hon. friend refers involves a rather heavy expenditure, the estimated cost being $125,000. I think he will agree with me that that is a pretty large undertaking in these times.

Mr. CASGRAIN: What place is that?

Mr. STEWART (Leeds): Some representations have been made recently that we might get along temporarily with a small expenditure just to put the structure into a condition that would prevent further decay, and we are having an investigation made.

Mr. CASGRAIN: What place is that?

Mr. STEWART (Leeds): Havre St. Pierre.

Mr. CASGRAIN: As regards what I have just mentioned about the investigation that was made at Tadoussac, has the minister received the information? I am told that the investigation was conducted by Mr. Gobeil, an official of his department.

[Mr. Casgrain.]

Mr. STEWART (Leeds): Yes, he made an investigation and I have the report. I could send a copy of it to my hon. friend.

Mr. CASGRAIN: I should be glad to have it.

Mr. STEWART (Leeds): I rather thought one had been sent to him.

Mr. CASGRAIN: No.

Sir EUGENE FISET: Is it the intention of the department to call for tenders for repairs at the Rimouski wharf?

Mr. STEWART (Leeds): It is work which apparently can be properly done by contract, and the amount is such as to render necessary the calling for tenders. It is the intention to invite tenders.

Mr. ELLIOTT: The minister has overlooked the point I was endeavouring to make. What he said with regard to the years from 1922 to 1930 is perhaps the best evidence one could have of the impropriety of the course that is being followed at the present time. During the years to which he referred, particularly the years in which there was an expenditure of over $20,000,000, that is to say from 1926 on, in every one of those years the government of the day showed a surplus. That illustrates better than anything else the difference between that regime and the present one. At that time real works were being undertaken. After the expenditure of the moneys in those years the government was able to show a substantial surplus annually. But let me impress upon the minister and the government that to-day there is a very critical condition in Canada. We are running behind, not a matter of a few millions a year, but in the last few years amounts almost equalling the total of the public debt before the war. That is the condition that faces us at the present time. I do not think the government realizes how important it is to pay as little attention as possible to the appeals that come from the various ridings. I know my hon. friend from Rimouski, and I realize that he is diligent in looking after the interests of his riding, and I am not criticizing him on that score. Personally, however, I prefer to take the suggestion of the hon. member for Quebec South. This house has reached the stage where it must consider whether or not we are going to go on spending money irrespective entirely of whether we have the money or have any means of obtaining it. The country is in too serious a condition to go on spending money by increasing an expenditure from $100,000 to $400,000, as the minister has done in the last few years in connection with this one item.

The people of the country cannot stand it; we have reached and passed the limit. These expenditures must be cut. I am sure the minister must realize that. I know something of the difficulties which the Minister of Public Works has in resisting the appeals made to him, but the point I am trying to bring home to him is that he has not the money and that it is not available to the government. The government cannot afford to make expenditures of this kind at the present time; it is time to call a halt. There is a very great difference between spending money when you have a surplus and increasing expenditures without the people's representatives in this house having an opportunity to pass on different items, as should be done in regard to public works. You cannot excuse increasing the expenditure from $100,000 to $400,000, as the minister has done.

Mr. VERVILLE (Translation): Mr. Chairman, would you kindly inform me whether I am in order. The house has just passed an item amounting to $35,000, for the reconstruction of the wharf, at Ste-Emilie. This is of interest to me, as it is in my county. Am I in order in discussing this item now?

Mr. CHAIRMAN (Translation): Certainly.

Mr. VERVILLE (Translation): Thank you, sir. The government advocates economy. Economy! Hon. members sacrifice $400 of their indemnity; that is economy. It benefits everybody. However, $35,000 is voted to rebuild the wharf at Ste-Emilie. I have been a liberal member for a number of years past, yet, never did the government grant my request to rebuild the wharf in that locality. For the last two years the work on this wharf has been going on, and we must thank a conservative administration for it.

Ste. Emilie once had an industry which gave work to all its inhabitants. The Seignior Joly was the owner of a saw-mill on which the whole population was dependent, including the clergy and the people of the parish and surrounding county; unfortunately, the mill closed its doors and no more wood is shipped.

Mr. DORION (Translation): His mill runs too fast.

Mr. VERVILLE (Translation): His mill does not run too fast, it has shut down. A Mr. Paris purchased it. This saw-mill is not working any more, yet $35,000 is expended to improve the wharf.

Mr. CASGRAIN (Translation): It is unreasonable.

Mr. VERVILLE (Translation): The mill has shut down and no further sawing is done in that section of the country, yet $35,000 is being expended.

Mr. FAFARD (Translation): That augurs well for the redistribution of the counties.

Mr. VERVILLE (Translation): I ask the minister why, in times of depression such as we are passing through, make an outlay of $35,000, at Ste. Emilie? This village is located in my county and I have no objection to my constituents earning money, but, I state: spend your money rightly, because you will soon need it. Who recommended such an outlay? Since you are undertaking such an expenditure, it must be because there is work ahead. However, the mill is being demolished, there is no lumber to saw, no work, absolutely nothing to do. And, you vote $35,000! For whom? Why? To please your friends? Well, carry on.

Mr. CHAIRMAN (Translation): Order! the hon. member must address the chair.

Mr. VERVILLE (Translation): Mr. Chairman, I have the honour to address to you what I have just communicated to the house.

The saw-mill has disappeared, there is hardly any more timber, no lumber operations are undertaken. All has been swept away except the $35,000 which the government has just voted.

Mr. CASGRAIN (Translation): The government will also be swept away with it.

Mr. VERVILLE (Translation): I am entirely opposed to this item of $35,000 to rebuild or extend the wharf at Ste. Emilie. I protest against this extravagant and uncalled for expenditure. Were I only to consider the needs of the people of that district, I would state: All is well, let the government grant them $35,000. However, the wharf is not worth repairing because it is no further required. If you wish to grant these people $35,000, let the member for the county handle it so that it will be fairly distributed, and not in the way the government wish to expend it, because, again I state, this wharf is not worth rebuilding and is useless. Let the government place this amount in the hands of the member for the county so that it may be fairly distributed and thus be a blessing to the people.

Mr. CASGRAIN (Translation): Hear, hear!

Mr. VERVILLE (Translation): I trust, sir, that I have conformed myself to the rules of the house, and I wish to thank you for the latitude which you have afforded me.

In closing my remarks, sir, I would request that this item of $35,000 be withdrawn, because it is not required, we are practising economy and, furthermore, the members of this house

could well apply it elsewhere. No doubt, the people of Ste. Emilie would be glad to accept the whole of this amount, without it having to undergo the clipping of the conservative machinery which would leave, out of $35,000, practically nothing for the public to benefit by.

Mr. STEWART (Leeds): I gather the hon. member for Lotbiniere is protesting against the proposed expenditure on a wharf in his constituency. That is indeed unusual.

Mr. STEVENS: And refreshing.

Mr. STEWART (Leeds): Certainly it requires some consideration. I would be the last one to force upon any constituency any public work it does not need or want. Last year the reports from our engineer, upon which we place a good deal of weight and in which we have confidence, pointed out that this wharf was in very bad repair, that the traffic was very heavy, and that unless the wharf was renewed a heavier expenditure would be involved in the near future. Tenders were invited, the lowest of which was for the sum of $12,420, not the larger amount mentioned by the hon. member. On a review of the situation, and owing to the fact that the investigations were made late in the season, it was decided that the work could stand over until this year. Now the hon. member seems to think it might stand over until next year. I am inclined to accept his suggestion.

Mr. VERVILLE (Translation): I wish to thank you, sir, for postponing this vote. I contend that the saw-mill having been demolished, there is no further need to repair the wharf. My opposition to this $35,000 outlay arises from a desire to economize that amount to the country. what member would rise in the house and state: I shall save the country $35,000. I do so, the house must take my word that the outlay is unnecessary or else must seek the truth of my statement on the spot. If the house does not care to make the necessary inquiries in my constituency, then, let them take my word.

Mr. DUPUIS (Translation): Granted.

Mr. VERVILLE (Translation): May I inquire the name of the tenderer.

Mr. STEWART (Leeds): Mr. Wilfrid Robidoux, for $12,420.

Mr. VERVILLE: I am satisfied, thank you.

Mr. DUPUIS: Under this item there is a vote of $23,000 for dredging at Riviere la Guerre, and further, under item 124 there is a vote of $215,500 for dredging in Ontario and Quebec. We have in the counties of Laprairie and Napierville a river called La Petite Riviere Montreal, about which the minister knows the details. Upon my request to the federal and provincial governments this river was dredged in 1929 and 1930. With its source somewhere in the neighbourhood of the border between the United States and Canada, this river flows into the Richelieu, passing through the counties of Huntingdon and Napierville and the township of Sherrington. In Sherrington there is an area of about 1,100 acres of good land which used to be flooded in the spring and fall, and mostly during the greater part of the summer. As the minister knows, dredging operations were commenced at Napierville, and a large amount of money was spent upon the dredging operations until they had reached a certain point in Sherrington county. I am informed that there is about one mile of river in soft land still to be dredged, and it will be very easy for the department to finish the work. From the minister's letter of February 11, I would judge that his reason for not proceeding further with the work is that he believes he has spent enough money in operations on that river, and that during these days when economies must be made the expenditure of $2,000 more would not be justified. Upon our request the Quebec department of agriculture were ready to contribute $2,000 towards the completion of the work, provided the federal Department of Public Works would furnish the same amount. I would not dare to ask that this department spend a large amount of money if in the first place the proposed work were not useful, and if in the second place it were not already partly completed; because in these times when all departments are bound to economize I think we should not ask for a large amount of money. But without any reflection on the wisdom of the item, if the department is ready to spend as large an amount as that already in the estimates for Rivière la Guerre, I think the small amount for which I am now asking, $2,000, should be granted. There has been some criticism on the part of my opponents in my constituency —I will not give names—that I was negligent in this matter, because in Sherrington, in the vicinity of this river, there are large numbers of good farmers, good citizens, who happen to be Conservatives. I think the two descriptions can go together; I am not so narrow-minded a Grit as to think that among Conservatives there are not good citizens. A large number of these citizens in Sherrington are Conservatives, and they attacked me because I am supposed to have neglected to ask for this small amount. I know well to do

farmers in this district who have 100, 200 and sometimes 300 acres of land which they are unable to cultivate because of the conditions now prevailing, whereas if this work were done this large area would be available for cultivation, with very beneficial results to this part of the country. To justify myself before this committee and before the electors of my riding, and especially those who attacked me, I will remind the committee that on the 21st of December, 1931, and the 21st of January, 1932, I made two identical requests to the Department of Labour under the relief act in answer to a circular sent to all members of this house asking what kind of public works they could suggest in their ridings that would be useful to the citizens and help the unemployed. In reply I mentioned many public works that might be done in my riding, and especially this dredging of the little Montreal river. On the 4th of February the Minister of Public Works answered me thus:

Dear Mr. Dupuis,—

Mr. Harry Hereford, Dominion Director of Unemployment Relief, has sent me copies of your letters under date of the 21st December and 21st January, with his replies thereto, respecting requests for works under the provisions of the Unemployment and Farm Relief Act, 1931, in Laprairie-Napierville.

When tentative lists were being made of works to be carried out directly by the federal government, we had to consider first the class of works which could be included in a limited program for each province and to confine these to harbour and river works and public buildings, according to established practice in the Department of Public Works. It was also necessary to take into consideration the most pressing situations resulting from dislocation in industry in the large centres of unemployment.

So far as the department is concerned apart from public buildings, works are confined in the main to the actual requirements of navigation, with due regard to seasonal conditions to effect construction. We could not undertake any extensive program of protection or drainage works. It was not intended that the federal government should carry out works which could be initiated by the provinces and the municipalities, except by contributing a certain percentage of the cost, if and when these works were grouped and submitted to the Department of Labour by the provinces and finally authorized by the federal government.

As you are aware, farm relief under the act was confined to the prairie provinces, and this matter was handled by the Minister of Agriculture.

I shall not read the whole letter, but I have read the paragraph which states that these works could not be done, and that under the Relief Act the provinces of Quebec or Ontario were not entitled to any appropriation. I do not want to criticize the government unduly because I believe they have enough difficulties without adding to them, but I felt bound to make this statement so that the friends of hon. members to your right, sir, shall not in future attack me for having neglected their interests. Moreover, I believe that the hon. Minister of Public Works, for whom I have a very high regard because of his kindness and all the good qualities I am ready to recognize in him personally—

An hon. MEMBER: He is a nice fellow.

Mr. DUPUIS: I do not want to throw any flowers, but he deserves it. I hope that when the hon. minister replies, apart from what I say as to his personal qualities, but from the point of view of administration only, comparing this with what has been voted for other parts which I will not name, he will assure us that he will grant this small amount.

Mr. CASGRAIN: How much?

Mr. DUPUIS: It is $2,000.

Mr. CASGRAIN: For a breakwater?

Mr. DUPUIS: No, to finish dredging the river to drain a large area of land in my riding.

Mr. NEILL: The flowers would be cheap at the price.

Mr. STEWART (Leeds): I might pay it myself.

Mr. DUPUIS: Some hon. member to my left says if it were $400,000 it would be easier, but I do not believe it. I will wait until I have a favourable answer from the minister, and then I have another request to make.

Mr. STEWART (Leeds): If my hon. friend defers making his second request until he gets the promise, possibly he will not make the second request to-night. I have not before me the particulars of the work to which he refers, which was undertaken in the little Montreal river some years ago. It was an undertaking on the basis, I believe, of a contribution by the province of Quebec and possibly by the municipality interested in the scheme.

Mr. DUPUIS: Fifty per cent by Quebec and fifty per cent by Ottawa.

Mr. STEWART (Leeds): I am told that the portion of the work assigned to the Department of Public Works was fully carried out, and that what is now sought is some additional contribution to take care of the cost of the work that was to be done by the province or by the parties directly interested. From time to time my hon. friend has presented these claims, but the circumstances were such that we did not feel

that we should do the work at this time. With regard to the farm relief act I can only say that if my hon. friend will look up the records he will find that very large expenditures have been made under the provisions of that act in all the provinces. The undertakings carried on by the Department of Labour were begun by the municipalities in the first instance and then approved by the province, and to the cost of those undertakings the municipalities and provinces, as well as the dominion, made contributions. I cannot say whether the work to which he refers was ever suggested under that plan; I do not think it was advanced or approved by the province of Quebec. If it had been I think in the ordinary course it might have been undertaken, together with other works of a similar nature, but I cannot tell my hon. friend at this time that I can promise to do that work.

Mr. DUPUIS: The minister states that the work undertaken by the federal government was accomplished. Although his statement is correct it does not show the complete picture, because the undertaking was to drain that river to its source in order to relieve that area of the floods from which it has suffered. That work has not been completed. It is as though my hon. friend and myself started on a trip to France; when we came within ten miles of the coast of France we turned back. We would not be able to say to our friends that we had seen Paris. The provincial department of agriculture was in the same position as the federal government. So far as economy goes I believe Quebec is in the same position as Ottawa; they must make economies in Quebec also. Nevertheless, knowing the great advantages that would result from the completion of this work the Department of Agriculture decided to make a contribution. I have here a letter written by Mr. J. Antonio-Grenier, deputy minister of agriculture of Quebec, to which I referred in my letter to the Minister of Public Works. This letter is dated July 29, 1932, and is as follows:

(Translation):

Pursuant to your last recommendation, the minister wishes me to inform you that he is disposed to reconsider his promise of August 22, 1931, which was for 40 per cent, with a maximum of $520, and to replace it by another for 50 per cent, the amount not to exceed $2,000, on condition that a similar contribution be obtained from the Dominion government.

As the minister understands, the letter states that the Department of Agriculture is ready to increase its contribution to fifty per cent of the cost, the amount not to exceed $2,000, if the federal government will do the same thing. I believe the Department of Public Works here would make a very wise decision if they changed their minds and put this small amount in the supplementary estimates. I do not want to obtain anything by blaming the government for having done similar work in other ridings, but the minister knows that even in these days of drastic economy similar work has been done, and probably quite properly done. I am informed by the authorities in Quebec that in the constituency of Laval-Two Mountains dredging and surveys have been carried on, costing a large amount, in order to drain certain areas or to prevent flooding. Laval-Two Mountains is a very nice riding, but it is no nicer than the constituency of Laprairie-Napierville. I have great regard for the hon. member for Laval-Two Mountains, but I shall be jealous of him if I am refused that small amount while I know that in 1930, 1931 and 1932 similar work was done in his riding.

Mr. POULIOT: Would the minister be kind enough to tell the committee exactly where the work will be carried on at Isle Verte? Will it be near the old wharf?

Mr. STEWART (Leeds): I am informed that it is proposed to do the work at the upstream end of the headlock, which is in bad repair.

Mr. POULIOT: The main wharf?

Mr. STEWART (Leeds): Yes.

Mr. POULIOT: I will not detain the committee long, but I should like to answer the speech made by the hon. member for Shefford.

The CHAIRMAN: Order.

Mr. POULIOT: On a question of privilege, Mr. Chairman.

The CHAIRMAN: On a question of privilege the hon. member is in order.

Mr. POULIOT: This afternoon the hon. member said I spoke every five minutes; he insinuated that I was imposing on the committee and wasting time. Let me tell him that I saved more money—

The CHAIRMAN: Order.

Mr. POULIOT: —for the government—

The CHAIRMAN: Order.

Mr. POULIOT: —than he ever did.

The CHAIRMAN: I do not think this is a question of privilege at all; it seems to be a matter of personal opinion. As the hon. member knows, a question of privilege must

relate to the dignity of the hon. gentleman as a member. If the hon. member wishes to answer the hon. member for Shefford he will have a chance to do so under a different item.

Mr. POULIOT: Then I will pay no more attention to the remarks of the hon. member for Shefford; I will eulogize the Minister of Public Works instead. There was a dirty robber—

The CHAIRMAN: Order.

Mr. POULIOT: —who was foreman in one part of Témiscouata county. He padded the pay-rolls and stole government money. I was the watchdog of the treasury; I notified the Minister of Public Works, who did his duty as a minister of the crown and forced the man to pay back the money. That same man was indulging in joy rides at the expense of the government; on Sundays he would drive for miles and miles with his family. The Minister of Public Works put a stop to that and I praise him for it. This is how I waste the time of the house. Not only that—

The CHAIRMAN: Order. The hon. member must speak to the item; he knows the rules.

Mr. POULIOT: I am speaking with regard to public works in the province of Quebec.

The CHAIRMAN: My hon. friend's remarks must be directed to the item under discussion.

Mr. POULIOT: I do not blame the minister, but I blame the contractors for putting inferior timber in that wharf. At my request the minister forced the contractors to replace them with stone.

The CHAIRMAN: The hon. member must speak to the item under discussion.

Mr. POULIOT: I am sorry I cannot pay compliments to the minister when I wish; it shows my broadmindedness.

The CHAIRMAN: The hon. member must comply with the rules.

Mr. POULIOT: I want to be nice and I cannot.

Mr. MOTHERWELL: If there are facts to be stated, why cannot the hon. member state them?

The CHAIRMAN: They do not apply to the item.

Mr. MOTHERWELL: I do not see why an hon. member should be run off simply because he is stating unpleasant truths.

Mr. POULIOT: Mr. Chairman, on a point of order: this item of $400,000 refers to the whole province of Quebec and I could speak about Cacouna or any other place in the province.

The CHAIRMAN: As far as harbours and rivers are concerned, but not post offices.

Mr. POULIOT: I am not speaking about post offices, I am speaking about a wharf; it is spelled w-h-a-r-f and the plural is spelled w-h-a-r-v-e-s. You know, Mr. Chairman, how all times I respect the rules of the house, especially when you are in the chair. I would not do the least thing against the least rule of the house.

The CHAIRMAN: There is no doubt about that, but the hon. member rose to a question of privilege when there is no privilege.

Mr. CASGRAIN: Remain on the wharf.

Mr. MOTHERWELL: Stay on the dock.

Mr. POULIOT: Thanks are due to the hon. member for Melville (Mr. Motherwell) who has made such a good point. This item of $400,000 covers the whole of the province of Quebec, not only the lands bordering the sea, but the sea itself. I want to know that things are being properly done in my constituency. I am not concerned with what happens somewhere else except when I am provoked. I have to render an account of what I have done; I have to defend the people's pocketbook, especially the people in the county of Témiscouata. It is only proper that the hon. members for Shefford and Compton should know about this. Cement was required for the wharf at Trois Pistoles, and before the election of 1930 I asked the department to give instructions that the cement should be purchased from the two stores at Trois Pistoles. This cement was purchased at the regular price, but after the change in government other cement was sent from Rivière du Loup. The cost of this cement was three times that which had been purchased in Trois Pistoles and the department was charged with the cost of transportation from Rivière du Loup. In order to protect the Canadian exchequer, I protested against this transaction. As the result, the quotations for the cement were lowered and I think the merchant was told to sell the cement at five cents less than the previous price as well as to pay the transportation charges. That merchant also had to pay a commission to the dealers in Trois Pistoles.

Mr. MERCIER (St. Henri): That is patronage.

Mr. POULIOT: The cement company forced him to do that. This is one of the reasons why I have such respect for the Minister of Public Works. I saved the government money on that occasion. I should like to give the committee another instance. Some work was being done upon the wharf at Riviere du Loup and the government was being defrauded by means of padded payrolls. Not only that, but government money was being used to provide joy rides for these men and their families all around the district. I called this to the attention of the minister and he forced these people to pay back this money. The fact that this money was recovered was due to the efforts of Jean-François Pouliot, who mentioned the matter in the House of Commons. I direct this to the attention of the hon. members for Shefford and Compton who complain that I speak too often in this chamber. Let me give the committee another instance. A wharf was being constructed at Cap St. Ignace and I learned that rotten timber was being used in its construction. Mr. Chairman, perhaps you are hearing of this matter for the first time. This matter did not concern my own constituency, but we are elected to represent the country as a whole and I thought it my duty to notify the minister of what was happening. The minister sent the chief engineer to investigate the construction of this wharf. The chief engineer ordered the removal of the stone filling in order to inspect the timber at the bottom of the wharf. It was found to be rotted and the contractor was forced to change it.

Mr. CASGRAIN: You win again.

Mr. POULIOT: Instead of the wharf having been constructed with rotten timber, it was constructed with firm timber which will last much longer. I saved the country a lot of money. If I speak occasionally in the House of Commons, the government is paid for the time I use by what I save outside. I believe the country benefits more from the time I use than it would if I were selling my brother's jam. The fact is my brother does not sell jam or preserves.

Mr. GOBEIL: The hon. member spends inside what he saves outside.

Mr. POULIOT: But there is a surplus and that is about the only surplus the government has. It should be thankful to me for what I do. I have no desire to be unpleasant to any hon. member on the other side, even to any who might be disagreeable to me. They do not succeed in their efforts even though they try very hard. I see smiles upon the countenances of some of them. I see the countenances of my hon. friends from Shefford and Compton are adorned with very pleasant smiles. I assume they are satisfied with my explanation and I hope in the future they will follow the example I have set and endeavour to save the government money in the construction of public works. In the meantime I am glad to tell the Minister of my very high appreciation of and regard for what he has done in those circumstances, and I hope he will not lose any opportunity, when occasion offers, to help the people of my riding.

Mr. McINTOSH: Has the hon. member one left?

Mr. POULIOT: I have one left now. I do not know what is going to happen, but at present I defend my own people, my own family, Conservatives as well as Liberals. In conclusion, I may say that I am sure the minister will be fair to me; and I shall be fair to him and treat him with due justice.

Mr. TETREAULT: On a question of privilege I want to reply to the hon. member for Temiscouata.

Mr. POULIOT: I said that the hon. member was smiling. Is he smiling?

Mr. TETREAULT: Yes, I am smiling. Is the hon. member smiling too?

Mr. DUPUIS: I told the minister that I had another favour, a very important one, to ask of him. In the town of Laprairie there was constructed by the Department of Public Works a protection wall.

Mr. STEWART (Leeds): A dyke.

Mr. DUPUIS: Yes, a dyke. This was built in 1930; it was the continuation of a dyke which was begun ten, twenty years ago. To do that work, the Department of Public Works had to cover part of the public road leading from the town of Laprairie to St. Constant. Just that part of the road which follows the shore of the St. Lawrence was taken by the department, of course with the permission of the town of Laprairie. The dyke remains there. To provide for a similar road, the department built on the side of the dyke a kind of elevated road eighteen feet wide, not wide enough to replace the old road, because the latter was thirty-six feet in width. The department, in doing the work they did in Laprairie, had not directly the duty of building a road. I shall admit, because I presume the minister will tell me that it is not the duty of his department to build roads, but on

the other hand, if the minister admits that his department built a dyke on a road, they must see to it that that road is replaced by a similar one. They took a road thirty-six feet wide and reduced it to eighteen feet, just cut it in half. They simply laid the bed of the road, if I might say so; they did not finish it. They laid large stones, then smaller ones; then they put a coat of smaller stones on top of that, and they left the road in that condition. The Department of Roads of Quebec refused to accept the road as it was laid, first, because it was not wide enough and, second, because it was not according to their requirements; it was not built in a proper manner so that they could finish it. The result is that the road is left in that dangerous condition. The Department of Public Works, when the dyke was finished, closed the road, putting at each end of it a notice that it was prohibited to pass there. I believe they were not entitled to close that road. It was their duty to build a road, if not of the same width, at least of a width sufficient that two rigs or two automobiles could pass without danger. Moreover, the department should have put a fence on the south side of the road to protect the public, because some parts of the road are from twelve to fourteen feet high. It is a very dangerous place to travel, and the town of Laprairie is threatened with damage suits for leaving the road as it is by other municipalities on the south shore, for example, Hemmingford, Sherrington, St. Edouard, St. Constant, St. Emile and all the places on the way to Valleyfield, Chateauguay and Beauharnois, the people of which are interested in passing along the road because it is a shorter route. Some time ago I wrote to the Department of Public Works and to the Department of Roads of Quebec and I did not receive a very proper answer from either. Recently I received the following letter from the divisional engineer, Mr. Leclerc:

(Translation):

In reply to your letter of March 11, as regards the petition signed by the ratepayers of Laprairie requesting the completion of the parish road, please find attached a copy of a letter from Mr. Vincent Dupuis, dated May 11, 1932 . . .

This letter was sent to Mr. Gosselin, chief engineer of the district of Montreal.

(Translation):

. . . and a copy of a report which I made in reply to that letter.

As you will note by this report, the road over which improvement is requested has a length of 4,105 feet, and to improve it in the way the petition requests, the work would cost as follows:

To widen the road-shoulders—	
3,800 cubic yards. borrowed material, $1.30	$ 4,940
Protective cable fence—	
3,350 feet at 60 cents	2,010
Laying of pavement—	
342 cubic yards at $4 (including the screenings and rolling)	1,368
A layer of macurban and macasphalt 3 inches—	
8,210 cubic yards at $1.50	12,315
	$20,633

In a letter from the same district engineer there appears one paragraph which I will try offhand to translate as well as I can. He says: "This road cannot be accepted by the public roads department of Quebec because the foundation is everywhere in bad condition and is not suitable for making a road. As it stands, the road is not in such a condition as to be completed. It would have to be widened and rebuilt." The Department of Roads in Quebec has reported that it would cost $20,633 to build the road, and I presume, although I am not authorized to speak for that department, that if the Department of Public Works in Ottawa were prepared to contribute half the cost of the road the Department of Roads of Quebec would pay its share. My reason for asking the federal department to contribute to this work is that the question of obligation arises here. The work done by the federal department in building the dyke resulted in the destruction of the original road, which it left in the present state of disrepair. I submit, therefore, that there is a principle of justice involved and the Department of Public Works is under obligation to restore the road to a proper state of repair.

Mr. STEWART (Leeds): This work was undertaken some years ago—

Mr. DUPUIS: In 1930.

Mr. STEWART (Leeds): Some work was done earlier than that, before the present government came into office. I am told that the object was not the construction of a road—

Mr. DUPUIS: No.

Mr. STEWART (Leeds): —but the construction of a dyke for protection, and that the road as it existed before was very imperfect. It was in bad condition a great part of the time through flooding, so much so that it could not be used at all. There is another road on the shore, almost parallel and not far removed, which was used. My information is that there was no agreement on the part of the Dominion government to leave the work in such a condition as would make it available

as a highway, and that what has been done has materially improved conditions; instead of injuring the road it has made it better. It is true that some work may remain to be done to render the road passable at all times, but that would have been true of the former road, and my hon. friend's request for further expenditure cannot be made in pursuance of any agreement on the part of this government to do anything further than has been done. It would be a matter of grace. Probably the work is desirable, but it is another illustration of the demands that are being made for more expenditures, demands which go far to cancel requests from other hon. members that we should spend less. I do not know how we can spend more and at the same time spend less. My hon. friend has made representations in regard to this matter and I regret I have not been able to see my way clear to meet his request.

Mr. DUPUIS: The minister states that we urged his department to do this work last year, and he was kind enough to receive a delegation from the town of Laprairie in connection with this matter. In reply to the argument advanced by the minister may I point out to him that when he says there is another road parallel to this one for which I am asking money, he is not exactly correct. There is no road parallel to the one which I am asking to have repaired. The road over which the public is bound to pass is about two miles longer than the one on the shore and it goes south instead of towards Montreal. The minister states that the work done by his department was not for the purpose of building a road but was for protection, and that is quite true. But I would point out that the Department of Public Works, or any other department for that matter, when it undertakes a public work, has certain responsibilities if it injures other public works, causing damage thereto. In that event it is the duty of the department to repair the damages or to rebuild the road in such a manner as to make it available to the public as it was before. Although this is not a very favourable time to ask for a further amount of about $10,000 which would be necessary to put that road in a proper condition, I urge upon the minister that it is imperative. This road is absolutely necessary, and the town of Laprairie, which is responsible for it, will be bound to answer to the public for it. If I were discussing the matter from a legal point of view I would say to the minister that if my client were sued by parishes and townships to the south of that road for damages sustained by the travelling public, as a lawyer I would bring the Department of Public Works into the action in guaranty in that suit, and I am sure that, as the minister knows, before a court of justice he would be compelled to restore the road to its former condition.

I have no complaint to make against the Department of Public Works with respect to the dyke; I am quite satisfied in that connection, and I congratulate the minister on the work done there. But I am not speaking of the dyke; I am speaking of the road which was covered by it. The minister said that the road which was covered by the dyke was in bad order. That is perfectly true, but the farmers on the south shore who now have to travel an extra two miles used to go by that road, thus shortening their trip to Montreal by two miles. Going and coming, it would represent a difference of four miles. I believe the people on the south shore are entitled to a proper road, and that the Department of Roads in Quebec is very generous, inasmuch as it is not bound in any way to contribute a half share towards the rebuilding of the road. I say that in offering a payment of $10,000 the department in Quebec is acting generously, and the federal Department of Public Works should not refuse to assume its share of the cost of the rebuilding made necessary through the construction of a dyke within the town limits of the town of Laprairie. I am pressing for that work because it is absolutely necessary; it is most urgent. The people are threatening suit against the town of Laprairie if the road is not opened. Upon whom is the responsibility for the closing of the road? My answer is that the Department of Public Works at Ottawa is responsible.

Mr. STEWART (Leeds): The information my officials give me is to the effect that the work on the road was submitted to and approved by the town of Laprairie.

Mr. DUPUIS: You mean the dyke?

Mr. STEWART (Leeds): Whatever was done and whatever effect it had upon the road was approved by the town of Laprairie. If the people of that town wish to have the highway improved they are perfectly free to go ahead with the work. We believe we have made their task much lighter, and the expense involved will be much less than it would have been had we not done as we have done.

Mr. DUPUIS: I am sure the minister's officials will corroborate my statement when I say that before beginning the work on the dyke they obliged the town of Laprairie to deliver into their hands and to place under their authority a certain parcel of land, including a road. They threatened that unless

this abandonment on the part of the town took place, they would not build the dyke. As I stated before, the dyke was properly built, but the town of Laprairie was forced to abandon a certain piece of land along the shore of the St. Lawrence river. If the Department of Roads are the sole owners of that piece of land, I believe there should be some remedy. Mind you, Mr. Chairman, I am not making this statement simply for purposes of political expediency. The minister knows perfectly well that I do not bother him very often. I must tell him, however, that in respect to this matter I am pressed by the public not only of Laprairie-Napierville, but of Beauharnois, Chateauguay and Huntingdon. The town of Laprairie has received request after request for the reopening of the road but has not been able to comply, because, owing to the conditions prevailing on the road, and the state in which it was left by the federal Department of Public Works, the reopening has been forbidden.

The CHAIRMAN: Shall the item carry?

Mr. DUPUIS: No, it is not carried. I hope the minister will give me a favourable answer.

Mr. STEWART (Leeds): I do not believe I can add anything to what I have already stated. The hon. member has explained the situation from his standpoint, and I have explained it from mine.

Mr. DUPUIS: Give me $10,000.

Mr. STEWART (Leeds): I cannot promise him that this year I can authorize an expenditure of that amount on the road.

Mr. CARDIN: I understand that following the cancellation of a contract awarded to an Ontario company for the building of a pier in the port of Sorel, a claim for damages has been filed. Is the minister in a position to inform me as to what has become of that claim?

Mr. STEWART (Leeds): I am informed that a claim was made and an adjustment effected by taking over certain materials on hand. I am not aware of any outstanding claim. As the hon. member knows, the contract involved an extensive expenditure for which there was no parliamentary appropriation.

Mr. CARDIN: Will the minister supply me with the details of the settlement?

Mr. STEWART (Leeds): Yes. I will give the hon. member particulars concerning the action taken by the department.

Item agreed to.

Harbours and Rivers

Ontario

Under contract—
Leamington—harbour improvements, $93,000.
Midland—harbour improvements, $73,000.
Essential undertakings—
Belleville—dredging, $22,500.
Blind River—dredging, $47,000.
Cobourg—dredging, $17,000.
Depot Harbour—dredging, $15,200.
Fort William—wharf extension, $6,500.
Key Harbour—harbour improvements, $15,000.
Kincardine—harbour repairs and improvements, $18,000.
Oshawa—harbour improvements, $35,000.
Port Hope—dredging, $12,400.
Rockport—wharf, $1,900.
Sault Ste. Marie—harbour repairs and improvements, $13,000.
Sydenham and Chenal Escarte—dredging, $19,000.
Toronto—harbour improvements, $22,300.
Wallaceburg—wharf and warehouse, $9,500.
Windsor—warehouse extension, $60,000.
Harbours and rivers generally for maintenance of services, no new works to be undertaken, $200,000.—Total, $680,300.

Mr. GRAY: For some time the minister has been considering work in connection with a warehouse on the wharf at Sarnia, and I should like to know why some amount is not placed in the estimates for that work. I make the inquiry because I find he has included in the estimate the sum of $9,500 to be expended in Wallaceburg, which is situated in a neighbouring constituency. I have no fault to find with the Wallaceburg expenditure, but I do say to the minister that having proceeded to the extent of asking for tenders for the construction of the warehouse on the public dock at Sarnia, and having gone to the point where those tenders have been practically awarded, with the exception of actual closing, to a Chatham firm, I wonder why the work was not proceeded with. We are in dire need of a warehouse at Sarnia, at which point there is a harbour second to none on the great lakes. We have there a public wharf all ready for a warehouse, but without the facilities of a warehouse proper use cannot be made of the wharf. I should like to ask why the minister has included in the estimates an expenditure for a neighbouring constituency and has left out the city of Sarnia.

Mr. STEWART (Leeds): I understand the proposition in Sarnia involved the extension of the wharf and the building of a large warehouse thereon. Then, there is some trackage which is not completed. It is perfectly true that the item did appear in the estimates, and tenders were asked for. No contract was awarded, and therefore no contract was cancelled. This is just another case where, faced

with shrinking revenues and a demand for an endeavour to make revenues meet expenditures, this and other works were not proceeded with.

Mr. GRAY: Mr. Chairman, I submit that this is a much more important centre, and that the work should have been proceeded with at the port of Sarnia before proceeding with the warehouse at Wallaceburg. Is there any chance of including in the supplementary estimates an amount for this purpose? We do not ask anything from the government with respect to trackage. If the minister will assure me now that the warehouse will be erected upon the dock, without any extension of the dock, he does not need to worry about the track. I will undertake to look after the trackage if he will look after the warehouse.

Mr. STEWART (Leeds): I am sorry that I cannot give my hon. friend the assurance he desires that the warehouse will be built this year.

Item agreed to.

British Columbia

Essential undertakings—

Columbia river (below Burton)—improvements to diversion work, $2,000.

Comox—float extension and wharf repairs, $11,600.

Deer park—wharf reconstruction, $12,500.

Fraser, Skeena and Naas rivers—operation and maintenance of snagboats, $37,000.

Fraser river—repairs to Woodwards Training Wall, $14,000.

Fraser river—North Arm—dredging, $39,000.

Port Clements—wharf repairs and improvements, $6,500.

Sidney—breakwater, $4,200.

Stewart—wharf repairs, $11,000.

Victoria—dredging, $6,000.

Harbours and rivers generally for maintenance of services, no new works to be undertaken, $100,000.—Total, $243,800.

Mr. REID: I notice there is an item of some $39,000 for dredging in the north arm of the Fraser river. That is very good, but where is the appropriation for the dredging that is being carried on at the present moment?

Mr. STEWART (Leeds): It is in item 124. This year, as in past years, the expenditure has been made from that general vote, and will continue to be made from that vote.

Mr. REID: Is there a sufficient amount in item 124? I see the appropriation is the same as last year, but the dredging that is being done in the main channel of the Fraser is practically new work. I was wondering why the minister could segregate the $39,000 for the north arm and not put down anything for the main channel of the Fraser, which is practically new work and will probably cost around $50,000 or $60,000.

Mr. STEWART (Leeds): The north arm work is an undertaking that would naturally be done under contract, whereas the work in the main Fraser, as my hon. friend knows, is done with our own dredges and paid for out of the general vote.

Mr. MUNN: In my riding of Vancouver North, there are perhaps thirty or forty steamboat landings, wharves and floats. When this government took office in 1930 these wharves and floats, generally speaking, were in good repair. I would like to take the hon. minister for a trip in that country, and I do not think he would be very proud of the condition in which he would find the wharves at the present time. This government took charge of a property on which the people in my riding had spent hundreds of thousands of dollars, and they have not even taken care of the ordinary, necessary repairs. If for instance the wind blows a door off a farmer's barn he fixes it up, but they have not even taken that much trouble to keep things in repair. I have written several letters to the hon. minister, and I must say he answers the letters promptly and gives me a very polite reply, but I never get any action. Every year I have been asking, not for new work, but for reasonable repairs; and even taking into consideration the hard times there is no reason in my opinion why this government as guardian of those properties should not take care of them by making the required repairs. There are hundreds of men on relief in British Columbia, many of them living right alongside these wharves and floats, and if there had been any cooperation, any common sense used, this work could have been done without cost beyond that of taking care of these men who are unemployed. At the present time several of the wharves are entirely out of commission. From little villages here and there where the wharves have been out of commission on account of storms or reasonable repair work done, people have to go perhaps in a rowboat or along the road or trail to some other landing at great inconvenience. I do not think it is fair that these people should be treated in that way. The hon. minister should give my riding some little consideration. I have had mighty little, practically none since I have been here. I assure him that when the

present government came into office those public conveniences were in reasonably good repair, but at present they are in anything but good repair.

Mr. STEWART (Leeds): My hon. friend again points out an opportunity for spending more money. There is no doubt that a number of these wharves do need expenditure; we have reports to that effect. But again I can only plead shortage of funds. When my hon. friend says he did not get any work done in his constituency I can only point out that he is in error, because during the last year in North Vancouver we carried out thirty-one works at an expenditure of $14,369, one-sixth of the whole amount spent in British Columbia out of this vote.

Mr. MUNN: Perhaps I exaggerated a little, but I meant those I recommended direct. These others were taken care of, but there were several cases where repairs that I asked for were not taken care of. I realize that this is not a time to ask any government to spend money, but when you have a property that has cost money, that is a public convenience, an effort should be made to keep it in repair so that the public can make use of it.

Mr. NEILL: Mr. Chairman, it is a striking tribute to the integrity and fairness of the minister that so many men among his political opponents have risen one after the other to speak of it. I do not think I ever saw that happen in this house before, and I am pleased to add my testimony to the same effect.

Now I will say a word or two about the appropriations. As the minister truly says, I suppose I am asking for more money to be spent. I understand the policy of the department is not to do any new work but to maintain the works that are already in existence. That certainly is all I ask, or that I think the hon. member for Vancouver North asks. The vote out of which these things comes will be the general vote of $100,000; that is not enough. I suggest that it should be enlarged, not necessarily to spend it, but to have it in case it is necessary. I heard many comments in the early part of this session from the minister and from hon. members saying that an extraordinary storm which occurred last fall necessitated extra work which had not been foreseen. I have lived forty years in British Columbia and I never saw a winter yet that there was not an extra storm at some period, an abnormal and unusual one; it always happens, and it ought to be provided for. I have before me the estimates prepared by the minister's own engineers in British Columbia as to what they thought was necessary for the even bare upkeep of these public works in my district. It totals $40,000, and out of that there is one item in these estimates for Comox of $11,000. But the other items are just as urgent and necessary. It is not my suggestion alone that we need $40,000; it is that of the minister's own engineers. I would not ask and I am not asking for a penny to be spent unless on the O. K. of his engineers. In fact I think in the case of two works it is not necessary to spend what the engineer recommended, because I thought he had been got at politically and had recommended something that was not called for. At any rate this $40,000 has the endorsation of his own practical, experienced engineers. I will not read all the details, as some of the hon. members for Quebec did; I could go on for an hour giving names and explanations, but they would be only names to the minister and I would be wasting the time of the committee. His deputies and engineers are acquainted with these works; they know what is necessary and I do not think they would ever say that every item is not required.

One hon. member said the coast line in his constituency was some 780 miles in length, and he seemed to think that was something unique. Why, Mr. Chairman, I have one fiord in my district that is almost equal to that. I never took the trouble or went to the expense of figuring out what would be the total coast line, but certainly it would run to almost six or seven thousand miles if all the indentations were measured. The two engineers recommended an expenditure of $40,000 for works now in existence, with no provision for emergencies, which are bound to develop due to storms and other factors. That sum is forty per cent of $100,000, the entire vote, and certainly you could add another $10,000 for emergencies. There you have half the vote for the whole province of British Columbia recommended by the engineers for Comox Alberni. There are three other districts, making four in all, which will require the expenditure of money in this connection, and I suppose the Skeena district would require an even greater expenditure than my district, while some of the others perhaps would require a little less. Also there are several lake wharves in the interior which must be looked after out of this vote, and we find one district out of four requiring one-half the total vote. That is why I suggest that there is not enough money being voted.

Now just a word with regard to the general principle. There are three reasons why these works should be maintained as we go along,

and the first reason is that it would be cheaper in the long run. I think somewhere in the scriptures you will find this quotation:

There is that scattereth, and yet increaseth; and there is that withholdeth more than is meet, but it tendeth to poverty.

That is the situation; it does not pay to be penny wise and pound foolish. I have some recollection of a wharf approach, a float, which was broken during a storm. Only $10 or $12 would have been required to repair that approach at the time, but before they got around to it the constant dragging of the broken portion of the float necessitated an expenditure of something over $100. This is just an illustration; it could be duplicated in scores of cases. It pays to keep your house, your car, your wharf or anything else in good repair; it does not pay to let it go down, because you must repair it in the long run, when it costs more.

The second reason is that it is not fair to the settlers. These men have been encouraged to go and have gone in there, and for twenty years their only means of access has been by water. It is not a case of driving or walking over a road as compared with going by water; it is their only way of obtaining supplies. The steamers, which are getting larger all the time with the increased traffic, will not stop at these wharves if they are not safe; they are afraid of accidents. They simply refuse to call; whether or not the settlers must go ten or fifteen miles in an open row boat, they will not call until repairs are made. Of course that is not fair to the settlers.

The third reason is that it is economically unsound, because the life of these works is very short. An uncreosoted pile or log has a very short life. I suppose the minister's engineers would know exactly, but I should say they would not last more than four years at the most. I know of a float that was put in during the month of August; the very best cedar logs and so on were used, but it was so ravaged by teredos that it had to be renewed the following September—just thirteen months afterwards. That is an illustration of the short life of these works. Of course when the piles are creosoted they last much longer, perhaps for fifteen or eighteen years if nothing happens in the meantime. When you take a work whose life is only four years and leave it out of commission for six or nine months it certainly makes your work very costly for the short time it is in operation.

Therefore I suggest, Mr. Chairman, that they should be repaired; I believe it would pay the government to keep them in good order. I think it is the best policy in the long run, and it is only a question of voting the money a little sooner. I do suggest to the minister that $100,000 is insufficient to carry on the work in British Columbia. It does not make a great deal of difference, it seems to me, whether we vote $100,000 this year and $200,000 next year or $150,000 this year, and the same sum next year; it would be cheaper if we did so. I am fully seized of the need for economy, but as I said before sometimes it is the best policy to spend wisely. I hope the minister will bear that in mind when he is preparing the supplementary estimates.

Mr. HANSON (Skeena): I wonder if the minister could tell me what part of the vote was spent in the riding of Skeena last year, and where it was spent.

Mr. STEWART (Leeds): Eight works were given attention in the constituency of Skeena, at a cost of $3,239.82.

Mr. HANSON (Skeena): Would the minister tell me where those works were located?

Mr. STEWART (Leeds): The list I have gives the work done in all ridings. I can find those in Skeena, but it will take a little time.

Mr. HANSON (Skeena): Perhaps the minister could let me have it later.

Mr. STEWART (Leeds): I will try to give it to the hon. member now. I see Port Clements, $914.44; Port Essington, $95.54; Prince Rupert, $15.06, lighting for float; Queen Charlotte City, $18; Sandspit, $1,088.25, and Stewart, wharf repairs, $50.04. I believe that is all.

Mr. HANSON (Skeena): Is it the intention of the department to carry on the work indicated by the items in vote 121?

Mr. STEWART (Leeds): We have not yet allocated this vote or determined on how it will be spent. I gave the expenditures made last year. We do not know where we will spend the money this year, but it will be spent where it is needed most.

Mr. HANSON (Skeena): But will those undertakings set out in vote 121 be proceeded with?

Mr. STEWART (Leeds): I misunderstood my hon. friend. It is our present intention to proceed with those special items, though we do not know what the future may bring.

Mr. MUNN: I should like to appeal to my hon. friend on behalf of the people at Robert's Creek, in connection with which I wrote the minister a few days ago. This is

quite a prosperous community, and the wharf was partly destroyed during a storm which occurred a month or two ago. Four of five times a week the boats from Vancouver pass within a couple of hundred yards of this wharf, but they cannot stop there; they must go to the wharf at Wilson Creek, which belongs to the Union Steamship Company. This is several miles from Robert's Creek, and these people must pay wharfage on any goods handled over that wharf. This puts them at a very great disadvantage. During the summer time a number of boy scouts and girl scouts and other societies go to that district for their summer holidays. I consider that this is an emergency work and on behalf of the people I appeal to the minister to restore this utility.

Mr. STEWART (Leeds): A small expenditure was made at this point last year. My hon. friend's request has been placed upon the list of those items for consideration in connection with expenditures under this vote. I may say to my hon. friend that the list of requests very much exceeds the total amount of this vote, so we will just have to do the best we can.

Mr. MUNN: I have no doubt of that, but this is an extreme case.

Mr. ELLIOTT: In 1930-31 the general vote for Ontario was $85,000, whereas for this year it is $200,000; the vote for Nova Scotia in 1930-31 was $100,000 as compared with $200,000 for this year; the vote for New Brunswick was $60,000 as against $125,000 and for British Columbia, $75,000 as against $100,000. In this last instance the increase is only one-third whereas in the case of Quebec there was an increase from $100,000 to $400,000, or three hundred per cent. Is there any rule to govern in arriving at this vote, or does the minister just jump at it?

Mr. STEWART (Leeds): The present Minister of Public Works does not jump at anything any more than did the former minister.

Mr. ELLIOTT: I am afraid he does not jump as much.

Mr. STEWART (Leeds): He endeavours to exercise the best intelligence he has, assisted by the advice of his officials, considering at all times the amount of money placed at his disposal.

Mr. ELLIOTT: The basis of my objection to this item is that the works performed under it are not submitted to the house. Can the minister give any reason why in some cases this vote has been increased to four times what it was, whereas in other cases it has been increased only by one-third?

Mr. STEWART (Leeds): For instance, we had information that Nova Scotia had suffered from severe storms. We are asking the district engineer to make reports and give us an estimate of what is required. The estimates are based upon the information we receive. Although the information is the best obtainable, it must necessarily follow that no rule of thumb or any other rule can be applied to the fixing of estimates. I would point out to my hon. friend that he increased his general vote from $75,000 to $100,000; perhaps he will tell me what principle he employed.

Mr. ELLIOTT: Does the minister mean that these items are to cover repairs which were rendered necessary prior to the vote being passed?

Mr. STEWART (Leeds): Not altogether. They are based upon our experience from year to year as to what is required. Some years we have to defer to the next certain works which should be but are not done. Last year we had to do this, and it will probably have to be done this year.

Mr. REID: Is it the intention of the department to complete the new channel prior to the beginning of the freshets? Has the minister any information as to the silting up of the old channel which may interfere with shipping on the river?

Mr. STEWART (Leeds): We are doing our best to complete the channel. As my hon. friend probably knows, a double shift is working on the dredge and we hope to complete the channel before the freshets arrive.

Mr. ELLIOTT: I gather from the minister that he is including in this general vote the amounts required to make repairs rendered necessary by conditions which have already arisen. Is it his usual practice to include in this special vote repairs rendered necessary before the estimates are prepared? I understood him to say that the total had to be estimated in order to provide for contingencies which might arise because of storms during the year and I should like to know if he expects that the storms will increase three hundred per cent in some provinces and only thirty three and a third per cent in others?

Mr. STEWART (Leeds): My hon. friend knows very well that that is not the basis upon which this estimate is made. I have told him that there is no principle as to storms or anything else upon which we can

rely. My hon. friend carried a substantial general vote and this vote is for the very same purpose. Our specific items have been reduced very materially and this general vote is enlarged to enable us to meet emergencies rather than have the money tied up in some specific vote so that it cannot be used when something more urgent turns up.

Mr. NEILL: Could the minister give the total—I will not ask for the shameful details—of the few meagre nickels which have by some fortuitous change been scattered around the district which I represent? I know he will blush when he states the amount because it is so small; I will blush when I hear it, but it may be just as well to have it upon the record.

Mr. STEWART (Leeds): There were thirty-two works undertaken in my hon. friend's constituency and $22,440.44, or more than one-fifth of the general vote, spent.

Mr. NEILL: Then I was right in stating that the vote was not large enough.

Mr. STEWART (Leeds): I agree with that statement.

Mr. NEILL: I am somewhat in the position of the young lady teacher who went to the bank to get her salary cheque cashed. The teller had run out of clean bills and he asked her if she would be offended by having to take dirty ones, with the possibility of getting some microbes. She said she was not afraid because no microbe could live on the salary she was getting.

Item agreed to.

Harbours and rivers generally—for maintenance of services; no new works to be undertaken, $25,000.

Mr. VENIOT: I hope the minister will excuse me for taking up a little of his time at this point. Unfortunately I was ill at home at the time the New Brunswick items went through and therefore was not in a position to obtain the information I would like to obtain. Under appropriation No. 116 I see an amount of $25,300 for wharf extension and repairs at Shippigan. Is it the intention to ask for tenders for this work?

Mr. STEWART (Leeds): Yes.

Mr. VENIOT: I am glad to hear that, because I have word from home that it is understood that tenders would not be called for and that the department was already preparing to see that only such-and-such persons would get on that work. I am satisfied now that if the work is under tender, things will be all right.

[Mr. H. A. Stewart.]

Perhaps I am trespassing on the rules of the house, but I wish to refer to another item:

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $125,000.

Either under that item or under another further on, No. 124, "dredging, maritime provinces," is it the intention to do any dredging work in Tracadie harbour this year? If it is, this would be quite satisfactory; but if the minister has not money devoted to that purpose, that is for continuing the work done in 1930 by a suction dredge, I forget whether it was No. 4 or No. 12, I wish to point this out to him: An expenditure of $175,000 or $165,000 was made for the construction of breakwaters for the opening of a new entrance to Tracadie harbour. Tenders were called for this work in 1930 under the former government; the contract was awarded under the present government and work was completed last year, I think some time in October, and accepted by the department. If no dredging is done in Tracadie harbour this year out of this item for dredging in New Brunswick or the one for harbours and rivers generally in that province, that work will remain in such a state that it cannot be used and $175,000 will have been spent without there being any chance of the work already done being used. In these times of depression the government should be anxious to do everything possible to help people to earn their living, and if the opening of the new channel at the entrance to Tracadie harbour could be proceeded with this year, this would mean giving a chance to earn a living to from seventy-five to one hundred fishing boat crews. If this dredging is left as it is and the $175,000 breakwater already constructed remains idle, those people will have no means whatever to earn their livelihood in the fishing industry. The present entrance to Tracadie harbour is and has been for years too dangerous to allow those people to carry on their work in the fishing industry. Prior to about four or five years ago, the lumber industry was flourishing in that district, but now that the mills are closed and that industry is not carried on to any great extent, the people there have to resort to farming and fishing. The dredge boat is in Tracadie harbour; it was idle during all 1931 and 1932; it has to remain there because it cannot get out without dredging its way out. It is going to decay because no repairs have been made. The minister might as well have it employed to do this useful work which will give those people the means to earn their livelihood.

Mr. STEWART (Leeds): It is not proposed to do any work in the way of dredging in Tracadie harbour this year.

Mr. VENIOT: I am sorry to hear that.

Mr. STEWART (Leeds): The only reason is that the appropriation will not permit. When the construction of the breastworks or breakwater referred to by my hon. friend was undertaken, it was realized that to make the work effective, dredging would have to follow. The breastworks had to be constructed first. The importance of the work to the fishermen is fully realized and I can only assure my hon. friend that when circumstances permit and when funds are available, we shall resume that work, but I do not hope to be able to do so this year.

Mr. McINTOSH: Before this item is carried, I should like to say something under item 120.

Mr. STEWART (Leeds): Go ahead.

Mr. McINTOSH: But I can say what I want to say under item 120, just as well under item 123. This item deals with harbours and rivers. I notice British Columbia is getting $354,000 out of this vote for harbours and rivers; Quebec is getting $789,000; Ontario is getting $815,000. The maritimes, I notice, are getting over $700,000. I was asking myself: Where do Manitoba, Saskatchewan and Alberta come in? We have a great area of country and yet under item 120 we are given the paltry sum of $15,000. Before I amplify that statement, might I ask the minister what this sum is for?

Mr. STEWART (Leeds): It is just as the item states, for the maintenance of existing services, no new works to be undertaken.

Mr. McINTOSH: In what provinces are these existing services?

Mr. STEWART (Leeds): The note I have is that this is required to provide for the maintenance and repair of existing harbour and river facilities in Saskatchewan, Alberta and the Northwest territories. In former years this appropriation was used only for small repair work of $1,000 and under, and special votes were taken for large repair works.

Mr. YOUNG: Does that include Churchill?

Mr. STEWART (Leeds): I do not think so.

Mr. McINTOSH: Has the minister before him a record in regard to a vote of $4,000, either in 1929 or in 1930, for clearing the rapids between Meadow lake and the foot of the Grand rapids on the Beaver river?

Mr. STEWART (Leeds): My officers inform me that we have no particulars on that matter here. I shall be glad to obtain the information and send it to my hon. friend.

Mr. McINTOSH: I understand a vote of $4,000 was passed for that work, but I am not certain whether the work was ever done. May I say that Meadow Lake is a thriving village 125 miles north of North Battleford, and is in a very productive agricultural area. It ought therefore to be the point which would draw all northern trade 250 miles north from Churchill river down the Beaver river and along the Meadow river to Meadow lake. Between Meadow Lake and Grand Rapids this waterway is filled with rocks for miles so that navigation is impossible, and about four or five thousand dollars would render that river suitable for navigation. It would bring northern trade down to Meadow Lake and on to North Battleford. It is important that something should be done in that direction. We find here a large vote for Ontario, a large vote for Quebec, and an extremely large vote for the maritimes, but there is a paltry vote for the three prairie provinces. I am at a loss to understand why a small sum of $4,000 should not be spent to clear the rocks out of this otherwise navigable stream.

The minister cannot really say that he has not the money, because the expenditures in the other four large areas of Canada which I have indicated prove conclusively that he has the money; and since he cannot plead a want of funds for this small undertaking I would impress upon him the importance of investigatiing the matter and doing something at once. I urge this matter upon the minister not only from the point of view of the importance of clearing that river in order to make it navigable but because there is a good deal of relief wanted in that area. Indeed, I have under my hand a telegram pointing out the need of relief there. The telegram says: "Much relief required in the Meadow Lake country." That means that these people are not getting relief from the Saskatchewan relief commission, and therefore the expenditure of a few thousand dollars on a public work of this kind would be well advised.

Although parts of Saskatchewan, Manitoba and Alberta may be called the prairies, the minister must remember that in the far north we have wonderful rivers and lakes, and transportation by water is quite important to the people living in that section, as well as to the people living in the middle parts of the

provinces, because northern trade ought to come southward, and coming in that direction it would benefit the centres lying south of these rivers and lakes.

Mr. STEWART (Leeds): I do not think my hon. friend can seriously compare the western provinces with Nova Scotia.

Mr. McINTOSH: No, not according to this vote; I shouldn't think we could.

Mr. STEWART (Leeds): I do not think he can compare them in any way from the standpoint of requirements with regard to wharves or anything in that line.

Mr. McINTOSH: Not on the basis of equality.

Mr. STEWART (Leeds): In the east there is a coast which is exposed to severe storms. There are fishermen all along the coast and there are wharves and breakwaters, all subject to rapid deterioration and requiring constant renewal. The conditions are altogether different. I suggest that if my hon. friend will diligently look through the expenditures of Canada he will find that the provinces he is speaking about are in large measure compensated by other expenditures which they need and which they are entitled to have for their development, but which are not applicable to the maritimes. I can only say that I will consider the matter, but I think that my hon. friend will agree that it is not a fair comparison to suggest that the expenditures should be on anything like a basis of population. The demands and the conditions are not at all the same. We are trying as far as possible to meet the demands according to the locality.

Mr. McINTOSH: I did not argue that the expenditures should be on the basis of population; I do not think they should. I said that, far from it, it was apparent that the votes we have carried are not on the basis of population. But to a certain extent they ought to be, and they are not, and it was on that foundation that I was presenting a claim for a small vote for the clearing of this navigable river, or at least a river that ought to be navigable. I submit that the minister ought to investigate the matter and come to a decision. As regards the requirements of Saskatchewan, I know that we do need public money. We are the expanding part of the dominion and I am quite sure that the minister will not make out that we are getting more than we ought to get. As a matter of fact, we have not obtained by any means the fair share to which we have been entitled in the last twenty-five years.

[Mr. McIntosh.]

Mr. SPEAKMAN: Though we have no rivers in the prairie provinces such as hon. members in the east boast of, I know of some rivers in western Canada beside which, considered from certain points of view, a few rivers in the east are mere streams. I hear of the wonderful fishing for trout and even for salmon in the rivers of eastern Canada. Well, in the river in my district they go fishing for dinosaurs. Go to the museum and you will see that we supply the dinosaur trade for Canada from Red Deer river. If that does not prove that we have real rivers in the west I do not know what does.

Mr. DONNELLY: Following up what the hon. member for North Battleford said, I admit that we in Saskatchewan have no great rivers or lakes. We freely admit that in the maritimes and Quebec there are breakwaters, wharves and many other public works of this kind which must be looked after, and which require the expenditure of a good deal of money. I sometimes think, however, that when we in the west ask for some money for the Hudson Bay railway, which is the only thing on which we have public money spent, hon. members from the east should bear in mind that when we give them money for breakwaters, wharves, dredging and so forth, we are only asking for what is justly due us when we make requests for expenditures on that undertaking.

Item agreed to.

Mr. PRICE: May I ask the hon. member for North Battleford what he has to say with regard to the bonus received on wheat of $12,000,000 in the province of Saskatchewan? What did the maritime provinces get?

Mr. DONNELLY: What did you get from freight rates?

Mr. McINTOSH: The hon. member is misinformed; Saskatchewan did not get $12,000,000.

The CHAIRMAN (Mr. Sullivan): Order; this discussion is out of order. The item has already carried.

Dredging

Maritime provinces, $149,200.
Ontario and Quebec, $215,500.
Manitoba, Saskatchewan and Alberta, $36,800.
British Columbia, $130,000.—Total, $531,500.

Mr. BOWMAN: Mr. Chairman, I note that the dredging item for Manitoba, Saskatchewan and Alberta has been reduced from $46,800 to $36,800. Will the minister tell me how the reduction is accounted for?

Mr. STEWART (Leeds): This is a lump reduction brought about by the fact that it is proposed this year to operate only one dredge instead of two. It was thought that the reduction could well be made.

Mr. BOWMAN: Will the minister tell me whether, in view of the amount set aside, it is the purpose of the government to operate the dredge Winnipegosis on lake Winnipegosis?

Mr. STEWART (Leeds): The appropriation will not permit the operation of that dredge.

Mr. BOWMAN: May I point out that the cutting off of this dredge would be a very serious matter to a large community. The dredge Winnipegosis has been operating on the lake of that name as far back as I can remember. I came to Dauphin constituency about twenty-three years ago, and during all that time, and perhaps for several years previously, the dredge has been operated. Some members have spoken about the lakes and streams in western Canada. Lake Winnipegosis is very large, and stands in size next to the great lakes, Great Bear lake, Great Slave lake and lake Winnipeg. Its area is about 2,000 square miles. A very considerable amount of business in the way of fishing, lumbering, and so on, is carried on on the lake. At its south end there is the village of Winnipegosis, with a population, according to the last census, of 976 people, which constitute the trade centre of the lake. The dredge Winnipegosis has for many years kept the harbour at Winnipegosis open. The village is situated at the mouth of the Mossy river on lake Winnipegosis, and at that point there is a harbour for the boats plying up and down the lake. During the last few years at low water periods it has been necessary to dig a channel out into the lake for a distance of about a mile. That is the only way in which the boats engaged in the fishing business can enter the harbour. Hon. members will readily appreciate that if the dredge Winnipegosis is not allowed to operate during the coming summer the effect upon the community will be serious. As hon. members know, during the last few years there has been very little moisture in western Canada, and in most of our lakes, even in a large lake such as lake Winnipegosis, the water is extremely low; I am told that at the present time it is three or four feet lower than it is under normal conditions. About a year ago, in the winter of 1931-32, the department spent a considerable sum of money blasting out the bottom of the Mossy river so that the boats might enter the harbour—under the conditions obtaining before that, they had been unable to enter in safety. The dredge has been operating in the channel to which I have referred, and its operations extend practically throughout the whole season because the high winds keep filling the channel, necessitating dredging operations throughout the whole summer.

In this connection I shall read a letter received from the mayor of the village of Winnipegosis. Under date of February 15, 1933, and addressed to myself, it reads as follows:

I thank you for your letter regarding dredging operations on lake Winnipegosis.

There is no doubt whatsoever but that the channel from the village wharves to deep water in the lake is much too shallow for safe navigation. Unless dredging is done this summer to clean out the entire length of channel, which is a good mile in length, our steamboats at present in the harbour will not be able to get on to the lake for navigation purposes. We had difficulty last fall in navigating, especially in periods of low water resulting from south winds, so much so that as a result of touching bottom the Armstrong Company's ss. Armenon is now on dry dock for repairs as she damaged her stern bearing to such an extent that it required replacement. She also requires renewing of a portion of her keel which was worn down through scraping bottom.

This work is of paramount importance to this community as without a channel to the lake proper all works will be tied up. There are other works required at various portions of the lake, a list of which Mr. Goodspeed, chief engineer has, including work at two lumber mills on the lake and one channel.

In support of having this work done I would point out that the existence of the village of Winnipegosis rests practically entirely on the products coming in from lake points. There are two lumber mills and two box factories on the lake which bring their production into Winnipegosis. Combined I would estimate that they will produce this year about 250,000 feet of lumber. Our principal industry centres in the fish business, and on account of low water last year it was impossible for the Booth Fisheries Company to operate their tug.

May I add that the summer fishing is carried on about 110 miles up the lake, and it is necessary that the fish be brought down by steamboat and barge. For that purpose there has to be a channel of fair depth, and a good harbour at Winnipegosis in order that these boats may ply their trade and the business be carried on. The letter continues:

This resulted in curtailment of operations in the district, but should conditions be such that the Armstrong Fisheries tug is tied up on account of low water, stagnation will result locally. With an improved channel we anticipate that fish production will be increased this fall, but unless this work is done there is every likelihood that fishing operations will be greatly curtailed, which as you can appreciate will hit this locality very hard.

I feel very decidedly that this work should be done and that the dredge should operate.

Our district here has passed through a very trying time, and the unemployment situation is acute. The only prospect we have of relieving this condition is in our lake operations; stoppage of this would be a catastrophe. The mills mentioned, the box factories and the fishing operations employ a great number of men, not only from the village of Winnipegosis but from the surrounding district.

Yours very truly,

C. L. White.

For many years Mr. White has been a resident of that district, and for some time has been mayor of the village. He is reliable, and from my personal knowledge I know the statements he makes in this letter are quite true.

Then, I have a letter under date of March 7, 1933, from the secretary of the Winnipegosis board of trade. It is as follows:

At a recent meeting of the Winnipegosis and district board of trade a resolution was unanimously passed that I be instructed to write you requesting that you do all in your power to have the Dominion government dredge at Winnipegosis kept in operation over the coming summer.

The water in lake Winnipegosis last year was lower than it has been for a number of years. It is impossible to navigate some of the channels of the lake without doing injury to boats propelled by steam power.

Yours respectfully,

W. S. Howatson,

Secretary.

Mr. Howatson with that letter forwarded to me a letter addressed by him under date of March 24, 1933, to Mr. F. G. Goodspeed, district engineer of the department of Public Works at Winnipeg, as follows:

Dear Sir,—

I have for acknowledgment your letter of the ninth instant with respect to the dredge on lake Winnipegosis. This has been placed before the board, and I have been instructed to place before you the following in regard thereto.

Lake operations last year—1932—would undoubtedly have been most difficult had the dredge not operated. As it was, the river and the approach channel were hardly passable during periods of south winds, as was instanced when the ss. Armenon had to lie outside on occasion and get use of the dredge tug to tow in her barge. In addition to this the dredge tug also had to be used in taking out of the river the same steamboat and equipment, as it was too dangerous to operate the steamboat through the shallower water. The result of this navigating this river and channel has put the ss. Armenon on the bank this winter for repairs, including a cracked stern bearing through wheel hitting bottom, and a broken shoe. If this had happened earlier in the season it would have tied up some fishing operations and resulted in lean times for certain residents.

This leads to the fact that this district practically wholly is dependent on the fishing operations and other industries on lake Winnipegosis. Stoppage of operations through lack of a navigable channel out of this port will have a direct and serious effect on the livelihood of our residents.

I cannot too strongly endorse that statement, Mr. Chairman. Winnipegosis and the surrounding area probably has a population of 1,200 to 1,500 people, in addition to various settlements around the lake, and this population is practically wholly dependent on fishing operations and the perhaps lesser industries that are carried on on the lake. The letter continues:

Appreciating the serious financial situation at present existing the board feels that, although curtailment in dredge operations may be essential, some work must be done here.

May I point out that last year the dredging operations were shortened; they did not take up the whole summer season as in previous years, but were discontinued in the month of September.

The recommendation now is that your dredge operate along the river channel and outside channel for a reasonable portion of the season to make these channels safe for navigation. There is too much at risk with the residents of this district to withdraw all dredge operations.

Regarding the possibility of the water of the lake rising; in a normal year, with a normal rainfall, the lake rises with the spring inflow of water. The evaporation during the summer months offsets this rise. In the present season, wherein we have had a reasonable fall of snow, there will be some drainage into the lake, but owing to the fact that the land is so dry there will not be a normal inflow in our opinion. Against this is the natural decrease from evaporation during the summer, which may bring the water level to what it was last year, or even below that. Our opinion is that only an abnormally heavy rainfall can raise the lake to a safe, navigable level. Again leaving the future of our lake operations in the hands of nature and an anticipated heavy rainfall is too heavy a risk when the livelihood of a large number of people is at stake.

I would therefore request that you give the subject of operating the dredge here further consideration, advising me of your decision.

I think these two communications will indicate to the minister the real seriousness of closing down the operation of this dredge during the coming summer. The very fact that that dredge has been in operation for probably twenty-five or thirty years, and that it is now proposed to take it out of operation when the water is at the lowest level it has been for possibly forty or fifty years, indicates the seriousness of the situation. I trust that the minister will take these representations into serious consideration. It is not a minor matter; it involves as I have said, the interests of 1,200 to 1,500 people in the neighbour-

hood of Winnipegosis, in addition to a large number of settlers around the lake, which is one of the largest we have in the whole Dominion of Canada. I trust that if the figure which is under discussion is not sufficient to put that dredge in operation during the coming summer the minister will see to it that provision is made in the supplementary estimates for a sufficient amount to keep it in operation so that the channel may be kept open.

Mr. STEWART (Leeds): My hon. friend, both on this occasion and previously in conversations with me, has, I think, made out a good case in favour of his contention. I cannot assure him that we will make provision for it, but I will give his very strong argument further consideration.

Mr. VENIOT: Maritime province dredging, item 124, is $149,200. Could the minister tell me where that money is to be expended?

Mr. PRICE: In item 116 I see an amount for Shippigan, $25,300, which is in the constituency represented by the hon. member for Gloucester (Mr. Veniot). I cannot understand what his objection can be at the present time—

Mr. VENIOT: I am not objecting.

Mr. PRICE: —and why he is objecting to other expenditures in different parts of the province of New Brunswick. If ever there was an expenditure in New Brunswick which was not justified it is the expenditure at Shippigan, and here we have an item of $25,300 to continue the work. We had previously an appropriation of $80,000 for Caissie Cape, Kent county, a work which has cost now in the vicinity of $100,000, and was never justified in the world, while other parts of the provinces were neglected under the administration of which he was a representative. No expenditure is allowed for repair of wharves at Pointe du Chene, and nothing for Barachois, one of the French Acadian districts. We have on record the hon. member for Gloucester criticizing, wanting to know how much was spent in this district of Barachois; the people of that district long have desired a wharf, a place to handle their lobster fisheries—

Mr. VENIOT: Order, Mr. Chairman.

Mr. PRICE: —a portion of the county in which no provision was ever made by the previous administration. I want to say to the hon. member for Gloucester that under this present administration expenditures have been made to provide for these fishermen who have been duly shown to be justified in making the applications they have made. They have been provided for under the present administration as they never were provided for under the government which preceded it. And when the hon. gentleman, if he has the privilege in later years to go into those towns in Westmorland county and tell the good people along Northumberland straits what he told them in previous years with regard to what has been done for them, and criticizing the present administration, I want to tell him that he will meet with just the reception and the criticism he deserves. He cannot go to that district and criticize the present administration which has done so much for the fishermen of Westmorland, whom the previous administration never helped.

Let me say, Mr. Chairman, that many expenditures made by the previous administration cannot be justified. I might mention this item of $25,300 for Shippigan, which is required to complete work that was begun by the previous administration. The facts are here; many unjustifiable expenditures were made in the province of New Brunswick simply for political purposes, while other constituencies such as my own have suffered simply because they were represented here by members who were in opposition to the government. I do not understand how the hon. gentleman has the nerve to stand up in this house and attempt to justify the expenditure of $25,300 for Shippigan. The same thing applies in Kent county, where over $80,000 was spent in order to construct a wharf and breakwater for about six or eight fishermen. That was the biggest steal ever put over in the province of New Brunswick.

Mr. VENIOT: I am somewhat surprised at the heat with which the hon. member for Westmorland has discussed an item which was passed about an hour ago. He should have been in his place then. I have not criticized, either during this session or any other session, the expenditure of money in the province of New Brunswick. I asked for information, to which I have a right as a member of this house. To-night I asked the minister for information with regard to the expenditure at Shippigan, which my hon. friend says is not justified. If that is so let him have his battle with the Minister of Public Works, because I never recommended that expenditure.

Mr. PRICE: Your administration made the first expenditure.

Mr. VENIOT: The hon. member is wrong when he says this money is required to complete work started by the former government. That is not true. The Shippigan wharf was built years ago, and lately there has been a demand for an addition.

Mr. PRICE: The other government justified it and started the expenditure.

Mr. VENIOT: That addition is demanded in order to afford the shipping interests greater facilities. Last year nine steamers were loaded at Shippigan with wood pulp for different parts of Canada and the United States. Those steamers could take on only part of their cargoes at the wharf; then they had to lay out. I did not recommend an addition to this wharf, and I know the minister will support my statement. I did recommend an expenditure of some $2,500 for improvements to the wharf which would allow these steamers to load there. I have not uttered a word of criticism with regard to any expenditures in the constituency of Westmorland. I asked for information, and that information was given to me. Let me tell the hon. member that if I feel like going into the county of Westmorland, to the Cape Bald district, I will go without any fear of him or the people living there.

Now, Mr. Chairman, I should like to get some information before we adjourn. I should like to know where this $149,000 is to be expended.

Mr. STEWART (Leeds): I am sorry I cannot give my hon. friend full information as to where this money will be spent. The program is only tentative; it is still under consideration, and details will have to be settled later.

Some hon. MEMBERS: Carried

The CHAIRMAN (Mr. Sullivan): Carried.

Mr. HAY: Before the item carries—

The CHAIRMAN (Mr. Sullivan): Carried.

Mr. HAY: Surely the item could stand until to-morrow—

The CHAIRMAN (Mr. Sullivan): Carried.

Item agreed to.

Progress reported.

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

[Mr. Veniot.]

Friday, April 7, 1933

The house met at three o'clock.

PRIVILEGE—MR. POULIOT

Mr. JEAN FRANCOIS POULIOT (Témiscouata): Mr. Speaker, I should like to draw your attention to Hansard of Wednesday, April 5 which contains your ruling as to the expunging of certain passages. This ruling having been made, I would direct your attention to the first column of page 3748 of Hansard. I have no complaint to make but in view of your ruling my expectations are high.

Mr. SPEAKER: The hon. member is entirely out of order in the remarks he has made.

Mr. POULIOT: I am referring to a reference made to me in Hansard.

Mr. SPEAKER: There is no question of privilege involved. An hon. member when speaking in the house made a certain reference to the hon. member for Témiscouata (Mr. Pouliot) and the hon. member for Témiscouata is entirely out of order in seeking to discuss this matter at this time. The matter might be discussed in an ordinary debate but it certainly should not be taken up in this way.

Mr. POULIOT: On a question of privilege—

Mr. SPEAKER: There is no question of privilege involved.

Mr. POULIOT: I should like to know whether the word "clowns" is parliamentary.

Mr. SPEAKER: It has not been used.

Mr. POULIOT: Yes, it has.

Mr. SPEAKER: Will the hon. member point it out to me?

Mr. POULIOT: The following appears on page 3748:

> As long as these inferences were made by the hon. member for Témiscouata only I did not object very much to them; I was even pleased at the free advertising for my brother and I did not object for the reason that clowns are never taken seriously.

Mr. SPEAKER: Probably the hon. member should not have used the word but it escaped my attention at the time.

Mr. POULIOT: In order that proper decorum be maintained in this house, would Your Honour be kind enough to order that the above-mentioned quotation be expunged from the record?

Mr. SPEAKER: If the hon. member for Témiscouata believes that the word referred to him, I will direct that it be expunged from Hansard.

OFFICIAL REPORT OF DEBATES

EXPUNGEMENT OF OBJECTIONABLE STATEMENTS FROM RECORD

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I do not wish to take exception to what Your Honour may have done in the way of expunging possible objectionable phrases from Hansard, but I would ask if it is not part of the privilege of the house to control its own records, and whether the house should not, before any statements are expunged from the records, pass a resolution in the first instance. I raise this point now because Your Honour has made decisions which equally affect members on both sides of the house. I did not wish to take exception to anything done in the past but I respectfully submit so far as the privileges of the house are concerned that His Honour the Speaker is the servant of the house in this as in all matters, and the house should itself determine whether anything is to be expunged from any of its records.

Mr. SPEAKER: I will take the remarks of the right hon. gentleman under consideration.

PRIVILEGE—MR. HEENAN

Hon. PETER HEENAN (Kenora-Rainy River): Mr. Speaker, on a question of privilege: The Ottawa Citizen of this morning contains the following statement:

Hon. William Finlayson, Minister of Northern Development, in the legislature to-day promised to investigate charges made by Peter Heenan, former Minister of Labour in the federal government, to the effect a Liberal merchant had received only $350 for supplies—

Some hon. MEMBERS: Order!

Mr. HEENAN: The report continues:

—while a Conservative merchant in the same northern town had received $125,000.

I did not use those figures. The correct figures will be found in Hansard and if there is going to be any investigation I want the Ontario government to investigate the figures I gave.

Mr. SPEAKER: The hon. member can refer the house and the public to Hansard. If every hon. member is to bring up misquotations by newspapers of what he has said in the house, we will never get ahead with business.

Mr. HEENAN: This report states that the legislature is going to investigate and I want it to investigate the figures I gave on the floor of the House of Commons.

Mr. SPEAKER: The figures the hon. member gave are properly quoted in Hansard. This house has no control over the Ontario legislature as to what investigation it shall make.

Mr. HEENAN: I am quoted here—

Mr. SPEAKER: What point is the hon. member seeking to make?

Mr. BENNETT: This cannot be considered as a question of privilege in this house.

Mr. HEENAN: I am misquoted.

Mr. SPEAKER: The hon. member has said so and that is as far as he can go. He has admitted he is correctly quoted in Hansard.

Mr. HEENAN: The figures I gave—

Some hon. MEMBERS: Order!

Mr. SPEAKER: I call the hon. member to order. I want the hon. member to understand that there is nothing personal in my remarks with regard to this matter but when the Speaker rises to address the house it is the duty of any hon. member to take his seat. I call the hon. member to order.

Mr. HEENAN: On a question of privilege: Surely if I am misquoted in the press or in the legislature, I am entitled to make a correction.

Mr. SPEAKER: I understood the hon. member had made his correction.

Mr. HEENAN: I was just about to do so.

Mr. SPEAKER: The hon. member said the figures given in the report are not correct, but he said also that he is correctly reported in Hansard.

Mr. HEENAN: I am going to give the correct figures now.

Mr. BENNETT: That cannot be a question of privilege in this house.

Mr. SPEAKER: The hon. member has made his statement; he has gone far enough.

Mr. HEENAN: Well, sir—

Mr. SPEAKER: I call the hon. member to order.

Mr. HEENAN: Mr. Speaker—

Some hon. MEMBERS: Order!

Mr. HEENAN: I appeal against the ruling of the chair.

Mr. SPEAKER: There is no ruling to appeal from; I call the hon. member to order.

Mr. HEENAN: I appeal against the ruling of the chair.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I think the hon. gentleman has confused the privileges of this house with the privileges of another assembly. According to his statement, a report appears in a newspaper of what took place in the legislature of Ontario, and it is contended that the statements thus appearing are not correct. The privilege is the privilege of someone in the legislature to correct an erroneous statement of what was said in the legislature, not here. There has been no question raised as to the accuracy of the hon. gentleman's statement in this house, neither has it been impugned so far as this house is concerned. The newspaper purported to report what took place in another legislature altogether. If they did it inaccurately, the hon. gentleman might say that it was an inaccurate report of what was alleged to have been said by him. But there is no proof that it was said by a member of the legislature of Ontario or that the report in the newspaper is not wholly inaccurate. That is the ground of the objection that I have frequently urged against the reading of newspaper statements in this house. If we all indulged in that practice, practically the whole time of this house would be taken by each member rising in his place from day to day to explain a misstatement of his position with respect to any given matter. In this case the privilege, if any, is of someone in the legislature of Ontario, and not of someone in this parliament.

Mr. HEENAN: I am prepared to accept your ruling, Mr. Speaker. All I want is a square deal in this matter.

Mr. SPEAKER: Order. I have asked the hon. member to keep order. This is no time to speak.

Mr. HEENAN: May I not correct a misquotation of what I said on the floor of this house?

Mr. SPEAKER: That has already been done.

Mr. HEENAN: No, I have not yet corrected it.

Mr. SPEAKER: I have asked the hon. member to resume his seat.

Mr. HEENAN: I am only resuming my seat, Mr. Speaker, on the ground that as a member of this house I have been unfairly treated and I am appealing against the ruling of the chair.

[Mr. Speaker.]

On the order for motions.

Mr. HEENAN: I want to appeal against your ruling, Mr. Speaker.

Mr. SPEAKER: I have ruled that the hon. member is out of order; that is my ruling. He has stated his complaint. He has complained that he was incorrectly reported in a newspaper report of what took place in another legislature which has nothing to do with this house, and I submit that he is not within his rights in going further with the matter here, and I call him to order.

Mr. HEENAN: Then I shall take another opportunity of correcting it.

Mr. SPEAKER: Order. I do not wish to be driven to naming the hon. member and having him expelled from the chamber.

Mr. HEENAN: It makes no difference to me. I will come back again anyhow.

AGRICULTURE AND COLONIZATION

Mr. GROTE STIRLING (Yale) (for Mr. Senn) presented the fourth report of the select standing committee on agriculture and colonization and moved that the report be concurred in.

Motion agreed to.

INCOME WAR TAX ACT

TAX RETURNS TO BE VERIFIED BY DECLARATION

Hon. E. N. RHODES (Minister of Finance) moved for leave to introduce Bill No. 70, respecting the Income War Tax Act (declarations on returns).

Mr. MACKENZIE KING: Explain.

Mr. RHODES: The title of the bill practically explains its provisions. The bill provides that income tax returns shall be verified by a declaration, and it also sets out the form of the declaration.

Motion agreed to and bill read the first time.

CRIMINAL CODE AMENDMENT

AMATEUR BOXING CONTESTS—PROTECTION OF CHILDREN—THEFT OF LOGS

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 71, to amend the criminal code.

Mr. MACKENZIE KING: Explain.

Mr. GUTHRIE: There are two or three provisions in this bill which I might mention. The first is to exempt from the operation of a section of the criminal code boxing contests

which are conducted by amateurs, with gloves not to exceed five ounces in weight, under the auspices of provincial commissions which have been authorized by provincial legislatures. In two or three provinces, notably in Ontario and Quebec, such commissions have been authorized, and recently a question has been raised as to the authority to carry on these contests under such provincial authorization.

The next is a provision brought forward at the instance of the Children's Aid Societies in various parts of Canada to amend the sections of the code in regard to acts of immorality and drunkenness in premises where children reside.

The third is an amendment which seems to have become necessary through recent occurrences, when stench bombs have been set off very frequently in moving picture theatres, and on one occasion I think in a church.

The fourth provision is to make a theft of the removal of logs lying in the bottom of streams and belonging to certain owners.

The other changes are very minor, more clerical than otherwise.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

AUTHORIZATION OF PROVISION OF MONEYS TO MEET EXPENDITURES AND INDEBTEDNESS

Hon. R. J. MANION (Minister of Railways and Canals) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to bring in a measure to empower the Canadian National Railway Company to issue notes for a sum not exceeding $13,058,604.63 for refunding requirements and capital expenditures for the calendar year 1933, and to authorize the Minister of Finance, with the approval of the governor in council, to make loans on the security of such notes to an amount not exceeding the said sum; and to authorize the Minister of Finance, with the approval of the governor in council, to make temporary and accountable advances not exceeding in the aggregate $47,941,395.37 to meet the net income deficits occurring during the calendar year 1933, the total of such deficits as certified by auditors appointed to audit the accounts of the company, to be included in the estimates submitted to parliament at the first session following the close of the said calendar year.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

RAILWAYS—POOL TRAINS

On the orders of the day:

Hon. R. J. MANION (Minister of Railways and Canals): The hon. member for South Perth (Mr. Sanderson), on the orders of the day yesterday, asked if the arrangements under which pool trains between the two companies are run had been approved by the Board of Railway Commissioners. I have information to-day that on March 21, by order 49675, the Board of Railway Commissioners approved of those trains.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Thursday, March 16, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes—Mr. Manion.—Mr. Gagnon in the chair.

On section 1—Short title.

Mr. POULIOT: Mr. Chairman, I wish to register a strong protest against this bill, because it is submitted to a committee of the whole house instead of to the regular committee before which such matters are generally studied. At page 2777 of Hansard the Minister of Railways and Canals is reported as follows:

In connection with the question asked by the hon. member for Kenora (Mr. Heenan) as to whether or not it is my intention to submit this bill to the committee on railways, shipping and telegraph lines, I should like to say that it is my intention to suggest submitting it to a committee of the whole house. These matters have been dealt with very fully by the royal commission. This commission travelled from coast to coast and took evidence from all those who desired to submit evidence. They heard provincial authorities, railway officers, railway employees—public bodies and individuals—any who felt that they had some contribution to make to the solution of the question. In addition, the Senate committee heard further witnesses, most of whom had appeared before the royal commission, and it is my opinion that it is not necessary to go to the trouble and expense of hearing these witnesses over again.

In the same debate I am reported at page 3000 of Hansard as follows:

First I would say that the matter of expense is only a pretext. What was the expense of hearing witnesses in the Senate? Does the minister know? Will he tell us? Was it so much?

There was no answer to that question. Then I continued:

The railway debt is $2,300,000,000, a figure—

Mr. MANION: Mr. Chairman, I rise to a point of order. The hon. member is quoting from a previous debate on the same subject matter, namely the debate on the second reading of the bill. According to my understanding of the rules he is not entitled to do so.

Mr. POULIOT: Speaking to the point of order, the rule of the house is to the effect that we cannot quote from a previous debate, if the quotation is in regard to another matter. At this point however we are discussing the same bill, and I submit a member is entitled to quote Hansard on the same debate. However to save time and trouble I shall not insist upon reading further from Hansard, and shall be content to read some documents which do not appear on Hansard but which it is my intention to place on record. The quotation I have just read appears at page 3000 of Hansard of March 14, 1933. Any hon. member may find at that point what I said.

Then, I sent the following question to the assistant clerk:

Mr. Pouliot:

1. What has been the taxation of each witness heard at each of the sittings of the Senate committee on Bill A of the Senate from November 10, 1932, to February 16, 1933?

2. What is the total amount of other expenses incurred by that committee in connection with said bill?

On March 17, 1933, Mr. Speaker ruled as follows: "This is a matter for the Senate, not the House of Commons. Question not in order." Then I wrote to the Minister of Railways and Canals. My letter under date of March 20, 1933, is as follows:

Hon. Dr. R. J. Manion,
Minister of Railways and Canals,
Ottawa, Ont.

Dear Doctor Manion,—
On Friday last I sent the following questions to the assistant clerk of the House of Commons.

The questions I have already mentioned are quoted in the letter. I then continued as follows:

The Hon. the Speaker of the House of Commons wrote me thus: "This is a matter for the Senate, not the House of Commons. Question not in order."

Will you kindly give me that information?

With thanks,

Sincerely yours,
Jean-François Pouliot.

The answer to that letter is as follows:

Office of
The Minister of Railways and Canals,
Ottawa, Canada.

March 22, 1933.

Dear Mr. Pouliot,—
I am obliged for your letter of March 20, and for your suggestion that I give you information as to expense incurred by the committee of the Senate which dealt with Bill A.

As the Speaker of the house has already advised you, such inquiries should be addressed to the officials of the Senate, who could no doubt give you the desired information.

Yours very truly,
R. J. Manion.

The letter is addressed to Jean-François Pouliot. I then wrote the Right Hon. Arthur Meighen leader of the government in the Senate, the following letter:

Ottawa, March 23, 1933.

Right Hon. Arthur Meighen,
Leader of the Government,
The Senate,
Ottawa. Ont.
Dear Mr. Meighen,—
Pray find herewith enclosed copy of a letter to Hon. Doctor Manion, dated March 20, and copy of his answer dated March 22.

Would you kindly communicate with the officials of the Senate in order that the information asked for is forwarded to me as soon as possible?

With thanks,

Sincerely yours,
Jean-François Pouliot.

Then I wrote another letter to the same right hon. gentleman. It is as follows:

Ottawa, March 25, 1933.

Right Hon. Arthur Meighen,
Leader of the Government,
The Senate.

Dear Mr. Meighen,—
You will greatly oblige me if you answer my letter of March 23 at your earliest convenience.

Sincerely yours,
Jean-François Pouliot.

The answer of the right Hon. Arthur Meighen was as follows:

The Senate,
Canada.

Ottawa, March 28, 1933.

Dear Mr. Pouliot,—
On my return to Ottawa to-day I have your letters of the 23rd and 25th instant.

As I understand the procedure it would be necessary for you to move in the Commons that a message be sent to the Senate asking for the information you desire.

If such a message is received in the Senate I shall see that it is given prompt consideration.

Yours very truly,
Arthur Meighen.

This letter was addressed to J. F. Pouliot, Esq., M.P. It was impossible for me to have such an address moved in the House of Commons and communicated to the Senate. It would have been impossible for me to have the answer to-day when the bill is being considered before the committee of the whole house. So my good friend, the good Samaritan, the Hon. Senator Horsey, was kind enough to put the following question before the Senate:

Canadian National-Canadian Pacific Bill
Inquiry—Expenses of Witnesses

Hon. Mr. Horsey inquired of the government:
Whether any expenses were incurred by the government for the payment of the expenses of witnesses who appeared before the Senate railway committee on Bill A, and, if so, what was the total amount paid therefor?

Right Hon. Mr. Meighen: No expenses were incurred for payment of witnesses.

Mark you, Mr. Chairman, this answer is of the utmost importance, as it illuminates the whole matter. I shall repeat it.

Right Hon. Mr. Meighen: No expenses were incurred for payment of witnesses.

This question and answer is to be found at page 445 of the official report of the debates of the Senate. I protest strongly, Mr. Chairman, against the bill being submitted to the committee of the whole house, and I expressed a similar protest upon the second reading of the bill. It is impossible for any hon. member to give a clear decision or to make a clear judgment concerning unknown facts. True, the minister has said that the commissioners travelled from ocean to ocean, and gathered an immense amount of evidence, with which they are satisfied. When the bill was originally brought to the Senate it was such a bad piece of legislation that the leader of the government in the Senate, the Right Hon. Arthur Meighen, refused to accept responsibility for it. Senators had the opportunity and the advantage of hearing witnesses in the Senate committee. Many witnesses were called, among others Mr. Beatty and Mr. Hungerford. They gave evidence which to a certain extent changed or transformed the bill. I state now that the matter cannot be properly considered in its present form, and that it should be studied carefully by a special committee of the whole house, a committee which has existed since confederation for the purpose of examining such matters. In that way any hon. members on the committee would have an opportunity to hear witnesses in connection with any point upon which they wished to base a judgment.

Now, sir, this bill is submitted to this committee. The statement made by the hon. Minister of Railways and Canals during his speech on March 7, when he moved the second reading of this bill was that in order to save expense and trouble we should study it here without hearing any witnesses. This is most startling. What is the expense? The leader of the government in the Senate says there is no expense in calling these witnesses. I understand it is a great honour for Mr. Beatty, Mr. Hungerford, Mr. Ruel and others to appear before a committee of the Senate. I do not know if they feel that it is such an honour to appear before a committee of the House of Commons. That bill should have been moved first before the House of Commons. It came before the Senate first because the government had no other legislation ready to give to the Senate to examine, while we were discussing other matters in the House of Commons.

Now, sir, to show the committee, and prove to the minister himself, that it is absurd to go on with the study of this bill without hearing other witnesses, I will ask him the following questions:

How many superintendents and assistant superintendents, first on the Canadian National Railways, second on the Canadian Pacific Railway, are civil engineers?

How many officers earning $2,500 or more a year in the offices or management of both railways were there in 1930,? in 1931, and in 1932?

How many of them were dismissed each year?

How many of them are there this year, 1933?

How many of them have been dismissed since the beginning of the year?

On the other hand, how many men earning $2,500 or less have been in the employ of the Canadian National Railways, and in the employ of the Canadian Pacific Railway Company, and how many of them have been set back in both railways for the same periods I have mentioned, in 1930, in 1931, in 1932 and since the beginning of 1933?

And if the hon. minister is kind enough to answer these questions I will be glad to ask him some more.

Mr. MANION: Mr. Chairman, in regard to one matter which the hon. gentleman mentioned, that of the expense of bringing witnesses before a House of Commons committee, I did not emphasize that feature as much as he has emphasized it; I merely mentioned it as incidental. I pointed out that the witnesses had been heard before the royal commission and before the Senate committee, and that the evidence as given by these witnesses was, to a large extent, open to perusal of hon. members of this house and therefore was not necessary to repeat it. Mr. Hungerford and Mr. Beatty both appeared before the royal commission, Mr. Beatty appeared before the Senate committee, Mr. Hungerford took the attitude that his evidence had already been given before the commission and it was unnecessary to repeat it because there was no change in it. That was the point, the expense was incidental.

In regard to the dismissal of various employees of the two railways, I do not know

the details as to the men who were laid off. I cannot give these details at the moment and I do not know that it would help particularly in the consideration of this bill to give that information. The information in a general way has already been brought down; that is the house has before it, in replies to various questions, the number of employees which the Canadian National had in various years and the number which it has at the present time. That really covers the information the hon. gentleman wishes so far as that road is concerned. He also wanted to know how many superintendents on the Canadian National were civil engineers. I am sorry I cannot tell; there are some who are civil engineers, but I believe even my hon. friend, or myself, neither one of us being a railway man, will realize that a man does not need to be a civil engineer to be a superintendent. According to my information superintendents on the various railways of this and other countries are chosen from various groups of employees. Sometimes they come up from the ranks of the locomotive engineers, the firemen, and other classes of railway workers. And some come from the civil engineers. The reason is, I am informed, that it is considered better to have superintendents of various trainings, it is to the advantage of the road. I shall be glad to give my hon. friend any information I can, but I hope he will not ask for information, as to matters of which I have no knowledge, and cannot reasonably be expected to get.

Mr. POULIOT: Mr. Chairman, it is a good time to understand our position clearly. I do not want to have any evidence repeated. I have here the evidence, the report of the commissioners, the report of the debate in the Senate, and of the Senate committee, and the Hansard of the House of Commons containing the discussion on this bill. I do not wish any evidence to be repeated, but I want new facts to be put before the house. I cannot get them to-day from the Minister of Railways because he does not have them at hand, but if the heads of both railways were here I could secure that information from them. What the hon. minister has said proves that my contention was right.

Now, sir, I have another ground of protest against this bill, I would say a ground of protest at large. I am strongly against the abandonment of governmental responsibility. The government must have a policy with regard to the railways. The government has to foresee. The only way to have that policy applied and applied well is to put the railways under the direction of the Minister of Railways. I do not see why the Minister of Railways is at the same time the Minister of Canals. Both of course are transportation systems, one by rail, the other by water; but canals should rather be under the Minister of Marine. The Minister of Railways has to supervise the whole railway system of this country from coast to coast and that is enough for one man. My idea about such legislation as this is that there is no reason for the government to abandon its responsibility, to put it on other shoulders, the shoulders of trustees whom they appoint, but who will not be responsible to this house. The only way to have the railway problem settled in this country is for the government to have a definite policy and then have it applied by the Minister of Railways to both railway systems and all branches of railways. On our statute books we have an extensive body of railroad legislation. It has been enacted by the parliament of Canada, both houses, it has been given the royal sanction and it is the law of the country. Now shall we vest some individuals with the powers of parliament? I am here as a member of parliament, I and my two hundred and forty-four colleagues have certain rights. We can lay before this house the complaints we have to make, we have the privilege to submit legislation to this house, but as soon as this bill is passed the powers we now have will be handed to other people who will not be responsible to this parliament. Sir, it is a sign of weakness; a strong government should have a strong railway policy and be able to apply it strongly, apply it themselves, and not lean on others to apply it. This is my second ground for objecting very strongly to this bill.

Mr. HEAPS: Mr. Chairman, this act provides for the amalgamation of the two great railway companies in Canada. I should like to address a series of questions to the minister; I presume he has the information available, because the effect of the bill is so great and has to do with so many of our people that I do not think we can over-estimate its importance. Already we have seen some of the results of this cooperation between the two companies; this afternoon the minister referred to the service between Montreal and Chicago, the first result of which was the laying off of probably several hundred employees on the two systems. So far during the discussion of this measure the minister has not given any information to the committee as to what might be the effect of this cooperation on the unemployment situation in Canada. Further, I should say it is common

knowledge that for some considerable time the railways have been investigating to what extent they can amalgamate their services in various parts of the country. I understand that this amalgamation extends to the joint use of terminal facilities both in freight and passenger service, as well as the amalgamation of the freight and passenger services themselves.

Therefore I should like to ask the minister if he is in a position to tell this committee how far the railways have gone up to the present in regard to amalgamating their services; what the probable effect will be in regard to the number of men who may be laid off, and further what financial saving is expected after this cooperation is put into full effect.

Mr. MANION: I am afraid my hon. friend is asking a rather difficult question. He is as familiar as I am with the statements that have been made by various persons as to the savings that may be made by amalgamation. This is not amalgamation, but there is no doubt that through cooperation there will be a considerable saving, and no doubt some of that saving will be brought about by the laying off of a certain number of men. I have no idea how many men will be affected in this way, but I am convinced that if business revives as we hope it will in the near future, instead of the railways even under cooperation laying off men they will be taking them on. My conviction is that when business comes back to anything like normal, not necessarily to the peak year of 1928, the railways will take on thousands of men no matter what may be done in regard to cooperation.

I cannot give my hon. friend the number of men who probably will be laid off; I do not think anyone in the country could give that figure at this time. I do not suppose either Mr. Beatty or Mr. Hungerford could say how many men are likely to be affected. In the first place any cooperation that may take place must be agreed to by the two railways; then it is put into effect, and until that is done naturally nothing like definite figures can be given.

Mr. HEAPS: The reply of the minister is very unsatisfactory; he bases his statement on ifs and hopes. These have not proved very satisfactory in the past two or three years. It is not much satisfaction to the men who are to be laid off if they are told to hope that prosperity will return in the near future; neither is it satisfactory to tell them that if conditions get a little better than they are to-day they may not be laid off. We do know that the president of the Canadian Pacific railway told a meeting in Winnipeg a short time ago that if amalgamation were carried out the railways could get along with from seventy to seventy-five per cent of the present staff. Under a complete amalgamation of these two systems that would mean the laying off of about forty thousand employees. On the other hand, if we do not have complete amalgamation but get as close to it as possible by means of cooperation—though I cannot see the difference between amalgamation and cooperation—we should be able to get a proportionate figure. So far as I can see, having in mind the service between Montreal and Chicago to which the minister referred, there is no difference between amalgamation and cooperation; it makes no difference to the men concerned what you may call it. They only know that they are to be laid off as a result of the two railway companies working together.

I think, Mr. Chairman, that this is the weak point in this method of dealing with this bill. My claim is that if the bill had been submitted to one of the railway committees or to a special committee of the house we could have heard the experts of the two companies, and could have obtained some idea as to what the financial saving would be and as to the estimated number of men who would be laid off. The first question addressed to the minister to-day brought the answer that he had no information to give us. If the Minister of Railways is not in a position to give the committee any information on the most vital point of the whole bill I say we should rise and report progress until the minister has the information the committee desires.

Mr. MANION: No one in the world could give that information; it is asking for the impossible.

Mr. HEAPS: It is not impossible at all. If Mr. Beatty can tell the Winnipeg board of trade that forty or forty-five thousand men would be laid off as a result of amalgamation I imagine he could give us almost identical figures as to what would be done in regard to cooperation.

Mr. MANION: I must say that I read Mr. Beatty's speech, and I do not remember seeing any such statement.

Mr. HEAPS: I quoted his exact words when I discussed the matter on the motion for second reading. Mr. Beatty's words were to the effect that the two lines could get

along with from seventy to seventy-five per cent of the present staff. Surely the inference is obvious; it means that if the present staffs of the two railways total about 170,000 men, 40,000 would have to be laid off.

Mr. MANION: As a matter of information would my hon. friend be good enough to quote the exact words, if he can place his hands on them?

Mr. HEAPS: I will undertake to give the Minister of Railways the exact words of Mr. Beatty before the afternoon or the evening is over. I think most hon. members of the house read the full report of his speech, in the course of which the words I have quoted were used. I think that speech was delivered during the early part of last February. If Mr. Beatty could give the number of men who would be laid off through amalgamation surely it should be possible to get the number of men who will be laid off as a result of cooperation. Mr. Beatty also stated that by the process of amalgamation there would be a saving of some $75,000,000 a year. He can give that information to the public of Canada—

Mr. MANION: That was under amalgamation.

Mr. HEAPS: But if we take it on the basis of cooperation what is the difference?

Mr. MANION: There is a vast difference.

Mr. HEAPS: I know there is a difference, and that is why we want the figures. Surely we have a right to expect them. I have just been handed a copy of the speech made by Mr. Beatty in Winnipeg on February 8 of this year.

Mr. BOWMAN: At what page?

Mr. HEAPS: This is on page 9; Mr. Beatty says that he is unqualifiedly in favour of unification for the purposes of administration. He goes on to say that careful and comprehensive inquiries by the officers of the company have persuaded him that under unification permanent economies of $75,000,000 a year would be secured after the lapse of a period to permit adjustments to be made in the ordinary way.

In another part of this speech will be found the statement with regard to the number of employees who will be required if the companies were amalgamated. I do not have that at the moment, but I can assure the minister that those words are contained in the speech. Now I am trying to get from the minister some idea of the number of men whose services will be dispensed with as a result of cooperation. I want to go further and ask what provision will be made to care for those men if, through the action of this parliament, they are laid off. There has not been a word said in that connection during the course of this debate. We had a commission consisting of seven individuals, two of whom represented the bondholders and shareholders in the United States and Great Britain. During the whole course of their proceedings not a thing was done in an attempt to make any provision for the men who will be laid off as a result of the cooperation of the two railway systems. It is common knowledge that both railways have field men out in various parts of the dominion with the avowed object in view of cooperation or amalgamation of services, and that being so, I am sure the department must have some information at hand to show how far the work has proceeded along that line. Can the minister not indicate just what the situation will be in the immediate future?

Mr. MANION: There is no doubt that for some years both the railways have been looking into the question of cooperation at various points. One of the first recommendations made by this government, both by the Prime Minister and myself, to Sir Henry Thornton and Mr. Beatty, when we came into power, had reference to the greater need of cooperation than had existed in the past. But even prior to that the two railways undoubtedly had been canvassing the possibility of cooperation at certain points. I do not believe that either railway has any definite figure as to the number of men that would probably be laid off as a result of cooperation in different parts of the country. It all depends on the extent to which the cooperation is carried. In the case of cooperation affecting a few passenger trains it might mean very few men; but in extensive cooperation a great many men might be involved. In the speech delivered by Mr. Beatty, from which my hon. friend has quoted, Mr. Beatty spoke of unification—that was the word my hon. friend quoted, I believe. I distinctly remember reading about a statement on the part of Mr. Beatty regarding a possible saving of $75,000,000, but although I should not care to oppose my views to Mr. Beatty's on the subject, I am bound to say that I have grave doubts that such a saving could be effected. As to my hon. friend's request for definite information, I do not think that either of the railways can say precisely what number of

men may be laid off. I have seen statements attributed to Mr. Beatty and Mr. Hungerford, certainly to Mr. Beatty, that in the course of natural decrease year by year in the number of the employees there need not be very much interference at all with the number of those who work on the railways. Some high officials of both the Canadian Pacific and the Canadian National Railways have made that statement to myself. At any rate, while I am not disputing my hon. friend's word, I should like him to quote what Mr. Beatty said with regard to forty or fifty thousand men being affected.

Mr. HEAPS: He mentioned a percentage, seventy-five per cent.

Mr. MANION: Yes, and as my hon. friend says, that would work out at forty or fifty thousand. If I remember rightly Mr. Mosher did make a statement before the Senate committee to the effect that it would mean the laying off of some forty thousand men, but I do not agree with him; I do not think that by any method of cooperation that is possible, even by amalgamation, any such number of men would be laid off under any circumstances, even under the present depressed conditions in the country.

Mr. HEAPS: What the minister has just said shows the difficulties that will be encountered throughout the passage of this bill if we have not the experts of the railways to inform us. The fact that Mr. Beatty could make a statement along the line he did would indicate that he must have had certain information on which to base his statement with regard to the saving of $75,000,000; if he had not some basis for that statement he would not have made it at all. No doubt these figures were given him by experts in his own company and then submitted in the course of a public speech. I would ask the Minister of Railways to reflect for a moment on one of the statements he has made to the committee. He said that in the natural course of events, taking into account those men who leave the railway service each year and those who die off, there need not be much unemployment on the two railway systems. On a moment's reflection, I do not think the minister would have made that statement. Does he not realize that each year there is growing up a new generation looking for work?

Mr. MANION: Not a new generation of railway men.

Mr. HEAPS: It makes no difference. The new generation must be employed somewhere, and if the possibilities of employment on the railways are being gradually eliminated it means that fewer and fewer men among the rising generation will have any chance of entering the service. Here we have a government who a few years ago pledged themselves to end unemployment in this country; yet the very basis of this bill is to throw twenty thousand persons out of work. That is something that must be considered. In my own constituency there are thousands of railway men whom I shall have to face when I go back and give some information as to what their prospects are likely to be in the immediate future. Am I going to go back and tell them that when this matter was being discussed on the floor of the house the minister was unable to give any information?

Mr. MANION: The hon. gentleman is disputing a statement which he is under the impression that I made. I did not give it as coming from myself; I said that I had read somewhere that Mr. Beatty had made the statement, and I added that other railway men had spoken to the same effect, that there need be no great interference with the railway employees even by amalgamation. The hon. gentleman was very much shocked. As a matter of fact, I was quoting Mr. Beatty from memory. However, perhaps it might be well for me to read the exact words used by Mr. Beatty in a speech he gave in Winnipeg before the Canadian Club. It was the second address delivered by the chairman of the Canadian Pacific Railway, and it was made on February 8:

> Railway labour has been disturbed naturally by proposed changes in administration. The necessary adjustments cannot be made without some disturbances of staff. But, wisely handled, these need cause no widespread discomfort or dislocation. The normal turnover of labour will absorb the majority of those displaced as the adjustments are made. The temporary inconvenience involved will not be greater than that resulting from our present situation, and the change will lead to a permanent cure for the worst evils. There is not the slightest reason to fear that a consolidated system, operated by men who have dealt fairly with employees in the past and who know the priceless advantages of esprit de corps, would show lack of feeling in working out the problem of reorganization. I believe that the advent of such a system would immeasureably improve the position of railway labour in Canada.

Mr. HEAPS: The speech I referred to was the one Mr. Beatty delivered in Toronto, not in Winnipeg.

Mr. MANION: This is subsequent to the Toronto speech.

Mr. HEAPS: It was the Toronto speech that I was referring to. I quoted from it, where he said something about seventy-five per cent of the present labour. I have the exact words somewhere.

Mr. MANION: If that is the case, Mr. Beatty has answered Mr. Beatty.

Mr. HEAPS: I will not try to defend Mr. Beatty, but perhaps the minister can answer a simpler question: What is the result of the present amalgamation of services, or cooperation, between Montreal and Chicago and between Montreal and Toronto?

Mr. MANION: The cooperation has only begun and I do not think it is possible to give absolute figures at the present time. The judgment of the railway commission, as I indicated to the hon. member for South Perth this afternoon, was handed down only on March 21 and has been in effect since April 1. I quite admit that there may have been some men laid off as a result of the pooling of services, because that is natural; they have cut two fast trains to one fast train, and it does not require so many men to handle one.

Mr. HEAPS: Surely the minister has in his possession some information as to the number of men affected by the amalgamation of services between those points. I am told that in Toronto sixty-one employees of the Canadian National were laid off. Surely the same thing would apply to other terminals.

Mr. MANION: I hope my hon. friend does not think that I carry in my head the figures concerning every change made in the railways from day to day, from week to week and from year to year. I can get that information for my hon. friend but I cannot give it offhand right at this moment. I do not think he is fair in asking for such information out of the blue sky.

Mr. HEAPS: The unfairness of the whole proceeding is that we have to proceed with this very important bill without having the experts of the railways before us in order to furnish information. I do not expect that the minister carries all this information around in his head. I know he is next to an encyclopaedia but I do not expect him to be a complete encyclopaedia. Perhaps he will obtain the information as to what the amalgamation of the services between Montreal and Toronto means in the number of men affected, as well as the estimated savings to the railways.

Mr. MANION: This bill will probably take some time and I will obtain the information in the meanwhile.

[Mr. Manion.]

Mr. KENNEDY (Peace River): I think the committee should have the number of men laid off since 1929, divided into those laid off due to the slump in railway business and those laid off due to amalgamation of services.

Mr. MANION: If possible, I will have that information later in the day.

Mr. MITCHELL: We should also have the number of men laid off through the increase in the size of locomotives and length of trains. That would give a proper picture.

Mr. BOWMAN: Mr. Chairman, a discussion of the number of men laid off naturally brings up that portion of the commission's report which deals with the contributory causes of the railway problem. I would direct the attention of the hon. member for North Winnipeg to the fact that Mr. Beatty's statement to the commission is predicated upon the assumption that from 4,000 to 5,000 miles of railway will be torn up and destroyed. Mr. Beatty's reference to the saving of $75,000,000 was through a possible saving which would be spread over a period of five years. These facts should not be lost sight of. Chapter IV of the report deals with the contributory causes of the railway problem. The major portion of that chapter deals with the competition from other transport agencies, special attention being given to the competition from road transport. I do not purpose dealing at any great length with the facts set out under that heading, as I have no doubt they are familiar to all hon. members of the committee. However, I should like to refer to the general findings of the commission, and I quote from paragraph 163 as follows:

> It is generally recognized that there is a need for regulating road motor services and for equalizing the conditions under which road and rail services are provided.

The following rather important statement is made in paragraph 164:

> If the railways lose a large part of their profitable short distance traffic to the roads a readjustment of the whole freight rate structure may be necessary, with a possible increase in the rates charged for the long distance and heavy freight traffic.

I referred to this possibility in a speech which I made in this chamber about a year ago. At that time I stated that unless some adjustment was made in the matter of freight rates as between private motor competition and so forth it might be that the railroads would have to come to the Board of Railway Commissioners to ask for an increase in freight rates. As a matter of fact, this was suggested by one of the labour representatives, who

appeared before the commission. In my opinion the competition from motor trucks and private automobiles is one of the questions which must be solved if we are going to see any daylight in our railway problem. The following appears in paragraph 165:

The railways themselves should be empowered to provide and operate services of road vehicles, subject to whatever restrictions are imposed upon other road transport operators.

I think most hon. members will agree that up to the present time the railways have been more or less asleep as far as the meeting of this type of competition is concerned.

An hon. MEMBER: How would they meet it?

Mr. BOWMAN: They could meet it in the manner suggested by the paragraph I have just quoted. Certain of the railroads in the United States have already gone into this class of business.

Mr. CHAPLIN: Some of the provinces prohibit the railway companies from entering that type of business.

Mr. BOWMAN: I am not so sure that they do.

Mr. CHAPLIN: The province of Ontario has done it already.

Mr. BOWMAN: To what extent?

Mr. CHAPLIN: They control the highways and the granting of charters.

Mr. BOWMAN: There can be no question but that up to the present time the competition has been unfair as between the motor truck, the private automobile and the railways. I think this fact can be summarized best by reading another sentence or two from the report. Paragraph 166 contains the following:

By concentrating less on mutual competition and by turning their energies to the coordination of the services they provide, a properly coordinated system of transport will be evolved.

That is the finding the commission arrived at after investigating this matter carefully for some months. Paragraph 167 reads:

The federal and provincial governments in cooperation should, however, examine this question of the regulation and taxation of road motor vehicles with a view to equalizing the conditions under which road and rail transport is carried on, and to securing uniformity throughout the dominion. A joint inquiry in which both federal and provincial governments were represented should enable a measure of agreement to be reached upon the general principles which should govern the regulation and taxation of motor vehicles using the public highways.

An finally in paragraph 168:

In our view the general principles upon which operators of road passenger services and common and contract carriers of freight should be regulated are as follows:

(i) Schedules of rates and charges should be published.

(ii) Within those schedules common carriers of freight should accept and carry what is offered to them without discrimination between customers and commodities.

(iii) Operators should be insured against all risks, including third party risks.

(iv) Operators should keep accounts on a prescribed system and render returns to appropriate public authority on a common basis.

(v) Minimum standards in regard to working conditions, including wages and hours of labour, should be required.

(vi) In the interests of the safety of the public, a standard of fitness should be required of all operators in regard to their vehicles.

(vii) Due regard should be had to the preservation of road surfaces, and, to this end, restrictions should be imposed upon the size and weight of road vehicles in accordance with the type and character of the highway.

Finally the commission suggested that there should be a uniform system of licensing based upon and providing for the maintenance of highways. I understood from a remark of the Minister of Railways when this bill was introduced that at the last interprovincial conference in January this question came up, and that a resolution was passed by that conference, and it was agreed that the Minister of Railways should submit to the provinces a questionnaire dealing with matters relating to the regulation of truck and motor bus service, and that after the information had been assembled and studied a conference of the appropriate officials of the dominion and the provinces would be called to consider the whole situation. It was further agreed that the dominion statistician should assist the Minister of Railways in preparing the questionnaire. I was subsequently informed by the Minister of Railways himself that the questionnaire had been prepared and sent out to the various provinces. I should like to ask the minister if any report has since come to hand from the provinces on that question, and if so what was the general purport of their replies.

Mr. MANION: There have been no replies received as yet to the questionnaire beyond the acknowledgment of receipt and stating that instructions were being given by those receiving the questionnaire, the provincial premiers in most cases, to the appropriate officials to prepare the information required.

Mr. BOWMAN: Perhaps the minister, without divulging something which the house

should not be told, might state what was the general attitude of the provinces in respect to the matter to which I have referred.

Mr. MANION: They were all agreeable to the idea of a questionnaire, and also to the idea of dealing with this matter, but some of the provinces took the attitude that already their charges upon motor vehicles were sufficiently high and that they would not agree to any change in that regard. It was rather with the idea of bringing about an equalization of these charges that the questionnaire was sent out, with a view to dealing with those cases where the motor vehicle was not paying its due proportion of the maintenance and interest charges for highways. However, the provinces were all agreeable to the proposal as finally decided upon.

Mr. BOWMAN: Has either of the railway companies made application to the government for the authority suggested in clause 165 of the Duff commission's report, that the railways themselves should be empowered to provide and operate services of road vehicles, subject to whatever restrictions are imposed upon other road transport operators?

Mr. MANION: That is a question which comes within the purview of the provinces, but in any event the Canadian Pacific and the Canadian National have already decided upon a certain amount of that type of transport in the territory from Toronto to Sarnia and also to Windsor. They have organized and I believe have put into operation, at least they were hoping some time ago to put into operation, a service of collection and delivery by motor truck at either end of the journey. They had to put that matter up to the provinces in order to get their consent. I presume that those arrangements are now in effect, but I have not been definitely advised.

Mr. BOWMAN: Does the minister know whether former railway employees have been given positions as truck drivers and so forth under these new arrangements?

Mr. MANION: The railways have nothing to do with the trucking themselves. What they did was to make arrangements, hiring or renting or leasing arrangements, whereby trucking companies at either end of the route handled the trucking that pertained to the traffic.

Mr. SPROULE: Those arrangements are now in effect at Sarnia in my riding.

Mr. HEAPS: A few moments ago the Minister of Railways and myself had a discussion as to what Mr. Beatty had said at a certain time and place. I have now his exact words, and in order that there may be no misunderstanding in any quarter as to what he did say, I wish to quote from the published report of Mr. Beatty's speech before the Canadian Club at Toronto on January 16, 1933. I shall quote the whole paragraph in which he refers to expected lay-offs of employees, which appears at page 16 of this booklet, which I have no doubt most hon. members have received. Mr. Beatty says:

> Then there is the second objection that union means a disregard for the human element in that it will involve a reduction in personnel. It is true that this may be the result; yet such a reduction is inevitable unless very prosperous conditions are restored. But those who are apprehensive are apparently unaware of the substantial turnover of railway labour in normal times. It has been shown by investigations in the United States that the normal turnover by withdrawals due to ill health, death, retirements and voluntary changes runs from five to six per cent per annum of the total number of employees. Therefore, from natural causes, in the event vacancies were not filled, the personnel of Canadian railways would be reduced in five years from twenty-five to thirty per cent, and it would not be possible to administer the unified properties with a staff reduced below seventy-five or seventy per cent of normal. Consequently, the danger of injustice can be readily exaggerated, and, of course, the danger of reduction, even to the extent I have mentioned, decreases with the return to more normal times and heavier traffic.

It will be observed that the president of the Canadian Pacific Railway admits that in all probability they will get along with 70 or 75 per cent of the staff, assuming that amalgamation takes place, but he also says that if conditions were normal there would be an annual turn over in normal times of about five per cent. But the facts are that conditions are not normal, and we are now legislating in abnormal times, trying to adjust abnormal conditions to suit a particular case or argument. I put this question to the minister: Has he or the government given any consideration to compensation for the men who are likely to be affected by this legislation?

Mr. MANION: I did not question the hon. gentleman's word, but I wanted to have the exact words that Mr. Beatty used, and I have since had them drawn to my attention. I would however point out that the quotation which I gave from Mr. Beatty was not so extreme as the statement he made three weeks later in Winnipeg.

Mr. HEAPS: You would not call Mr. Beatty an extreme man.

Mr. MANION: No, I did not mean that he was extreme; I meant that the statement was not so extreme with regard to labour. My hon. friend will find even in the statement which he quoted that Mr. Beatty said:

Therefore, from natural causes, in the event vacancies were not filled, the personnel of Canadian railways would be reduced in five years from twenty-five to thirty per cent, and it would not be possible to administer the unified properties with a staff reduced below seventy-five or seventy per cent of normal.

He uses the word "normal," by which I presume he means the normal number of employees in a normal year. Certainly this is not a normal year, nor have we had one for some time.

Mr. HEAPS: Then his argument in regard to lay-offs and the five per cent turnover also falls to the ground because when employment is scarce the turnover is less, because people do not give up their jobs and look for another. The turnover in employment to-day is much less than it ever was before, because there is so little employment and there are such vast numbers of unemployed. In view of the possible effect of this legislation, could the minister inform the committee as to whether or not the government has given any consideration to compensation for the men who are likely to be affected by the passing of the bill?

Mr. MANION: Undoubtedly individuals in the government have given consideration to the matter. It is debatable however whether this or any other government should take any class of employees, namely railway employees, and compensate them in the event of their being laid off, without making such practice general. I doubt whether my hon. friend is any more anxious than I am to see that in times such as these the unemployed are cared for. I believe any reasonable or charitable man, I was going to any Christian man—I believe I might include any Hebrew gentleman, so that I may not be accused of any discrimination—would take the attitude that the industrialists and public men of Canada should work out a scheme whereby, in depressed times such as these through which we are passing men, whether they be railway employees, or any other class, will not be thrown on the street. I feel that very strongly, and this is not the first occasion upon which I have expressed my views. The first time I made a public statement to that effect was in Windsor about two years ago. Upon that occasion I said that in times like these it is the duty of industrialists and public men to endeavour to look after employees. Unfortunately when depression does come upon us it is almost impossible to put such a scheme into effect. When recovery does take place it will be our duty to endeavour to see in the matter of unemployment, that we shall be in a better position if again, unfortunately, we are faced with a depression.

Mr. HEAPS: Let us start now.

Mr. MANION: If I may repeat, I do not believe this or any other government should take the attitude that railway men alone, of all classes in the community, must be looked after if laid off. It would not be proper to give them special attention, and ignore other classes. I realize it is a difficult matter, and I am willing to give it consideration. So far, however, as far as I know, the problem has not been solved.

Mr. HEAPS: I say that this legislation places the railway men in a category different from other employees. They are to be laid off as a result of parliamentary action. We are about to put through parliament a bill, the effect of which will be to lay off a large number of employees. Had there been no act of parliament, the railwaymen would probably have had no grounds upon which to lodge a complaint. In the present instance however there is a distinction which I have no doubt the minister appreciates. It is a fact that as a result of an act of parliament undoubtedly a large number of railway employees will lose their positions. Under the circumstances does the minister not feel that the railwaymen are placed in a category different from that in which they would have been had no legislation been passed?

Mr. HEENAN: Mr. Chairman, the hon. member for North Winnipeg has placed the case before the minister much better than I could have done. I agree with him in everything he has said, and I feel sure that all hon. members on this side of the house hold a similar view.

The bill before the house is not a temporary measure to deal with an emergent situation. As the minister and other members of the government do not like the word "amalgamation" I shall say the legislation is designed to merge for all time the services of the railways in Canada. As I have said before outside of the house, undoubtedly the bill is for the purpose of amalgamating the operations of railway services in Canada. If the government does not like the word "amalgamation" they may use the word cooperation, merging, or any other word they like. The effect would be the same, so far as the men

employed on the railways are concerned. I am not quoting Mr. Beatty, Mr. Hungerford, the late Sir Henry Thornton or anybody else, because my experience and the experience of all men who have had to do with railways must teach me that after this bill becomes operative we will never have the same number of men employed on Canadian railways. When this bill becomes operative, men who have worked ten, fifteen or even twenty years on the railways might as well kiss their railway service goodbye. It is designed to amalgamate train services, not for to-day or to-morrow but for all time. As an hon. member on this side of the house pointed out there must be agreement, and a continuance of agreement, because it is so directed in the measure.

With the larger engines—the larger power, as we call it,—and with all the up-to-date facilities there is no doubt that to-day railways are in a better position than ever before to move heavy tonnage quickly. Under the legislation before us one railroad is going to move that tonnage where previously it had been done by two and sometimes three railroads.

Only last week one train was taken off between here and Toronto, and another between Toronto and Montreal. No doubt the people will receive as good service, but the elimination of the service means that over one hundred men must be taken out of the service of the railway companies. I know that is what the bill is designed to do; we might as well face the facts. Unless it is designed to throw men out of service, the bill can have no purpose whatever. I repeat that it is designed so that the railway companies may be induced to cooperate for the purpose of throwing men out of work in order that salaries may be saved.

As the hon. member for North Winnipeg has intimated, in the discussion of this measure we ought at least to have some information from the government as to the number of men likely to be affected by the bill. How many men are going to be thrown out of employment? What are their ages? Are they fit to enter any other occupation, or have they passed the age where they could adapt themselves to other work? Where do they live? Do they own property, and is their property going to be abandoned along with their jobs? What compensation is to be given to them? Surely when we are discussing a measure designed to save $75,000,000 a year we ought to give consideration to spending a few of those millions so that the hardships of employees might be eliminated.

[Mr. Heenan.]

That is the reason why, upon the second reading of the bill I asked the minister whether he purposed submitting it to the committee on railways and canals. If the bill went before a committee the representatives of the men affected would have a right to appear before the committee, so that members of the House of Commons—not the Senate—might hear them. The House of Commons is now dealing with the matter, not the Senate. I am not one who is content to take his cue from members of the Senate as to the proper attitude to take towards this or any other bill, and I make that statement with all due respect.

We should have had railway presidents before us, and should have been afforded the opportunity to ask them the questions we are now asking the minister. I feel sure they could have given us the information better than the minister because he has not got it. I do not see how he could have it unless he went into this question very thoroughly with the presidents of the railroads. We could ask them how many men their cooperation proposals would displace, what compensation they intended to give these men and their families, what provision they intended to make for the future of these Canadian citizens. We should have this information, because to my mind this bill affects more vitally the railway men of this country than any measure that has been put through this House of Commons. Here we are, the parliament of Canada, legislating to do what? To undo the very thing that prior parliaments did. These railroads were built under the authority of parliament. Private corporations and others secured charters and authority to build railroads through territories whose requirements in the matter of transportation should have been demonstrated and full information should have been laid before parliament as the prospect of the railroads paying, what competition they would have to meet, and so on and so forth. After this authority was given and the lines constructed men and boys were induced and encouraged to leave their homes and farms and enter railroad service. Had not the parliament of Canada given charters to build these railroads, and did not the papers picture in flaring headlines the great development of this country, its prosperity, the opening up of new territories, clay belts, fine agricultural and mineral areas, forest resources and undeveloped water powers? Men were induced to go into this line of work, they were sent out to isolated towns to do their part in carrying on the commerce of Canada; it was a national

proposition. They got married, they built or purchased their little homes, all their life savings are in those homes, their families are there, there are communities along these lines in which practically ninety per cent of the people are railway employees or their dependents. They built their churches, their community halls, all these facilities, and now at the stroke of a pen it is suggested that parliament wipe this out without giving those men or their wives or dependents any consideration whatsoever. All through this affair the people most vitally affected are the only ones who have not received any consideration. Not the slightest consideration have the railway employees of this country received. Take first the appointment of the commission, no representative of the railway employees was selected—

Mr. MANION: Mr. Chairman, I rise to a point of order. I do not like to interrupt the hon. gentleman's remarks, but there is a rule of this house that when we are in committee we must deal with the clause under consideration. The hon. gentleman made the same speech as he is making now on the second reading of the bill. It was appropriate then, but I submit that it is not appropriate at the present time. He is not the only one; a number of hon. members have also transgressed the rules. I do not wish to limit debate but I think we should keep within a mile or two of the clause under discussion. I do not think we are within a thousand miles at the present time.

Mr. MITCHELL: Observe the twelve mile limit.

Mr. HEENAN: When the minister was speaking on the second reading of the bill, in concluding his remarks he made a similar statement with respect to myself, which I had ignored up to the present time. He stated figures, which he said I gave, that were entirely wrong; he misquoted me, said I was only half right all the time, that it was usual. Now he says I should keep within a mile of the measure. I want to tell him, Mr. Chairman that when I am defending the railway employees of this country and the government introduces a bill that is designed to throw thousands of them on the streets, I am within my rights in speaking for them in this house. I say it is designed to throw thousands of them on the streets, and the Minister of Railways ought to be the last one to raise a point of order when any man is trying to defend them.

Mr. MANION: I rise again to a point of order. The hon. gentleman made this same speech on the second reading. It has no bearing on the clause now before the committee. I do not like to interfere with the hon. gentleman, I am trying to treat him with courtesy, but I do not think he should be permitted to make a political speech before this committee under cover of a clause with which he is not dealing at all.

The CHAIRMAN (Mr. MacNicol): I shall have to ask the hon. member to confine his remarks to the item under discussion. I did not know the item myself when I took the chair, but I understand it is clause 1, namely the title. I ask the hon. member to confine his remarks to that.

Mr. HEENAN: I would like to give it a title, but not the title on the bill!

Mr. MARCIL: It is customary in debating these bills to deal with the title last.

The CHAIRMAN (Mr. MacNicol): The hon. member for Kenora-Rainy River (Mr. Heenan) has the floor.

Mr. MARCIL: I am just raising a point of order. I think this clause should be allowed to stand until later.

Mr. MACKENZIE KING: It is the short title, it is not even the title.

Mr. MARCIL: Well the title might be much shorter than it is. I think it should be allowed to stand until the last.

The CHAIRMAN (Mr. MacNicol): I will read clause 1—

Mr. POWER: On the point of order, supporting the point raised by my hon. friend from Bonaventure (Mr. Marcil) I suggest that if we are on clause 1, the short title, my hon. friend from Kenora-Rainy River is in order in discussing anything. But I suggest that the custom of the committee has been not to discuss the title until the rest of the bill has been passed.

Mr. MACKENZIE KING: I think the short title itself is out of order. It relates to last year, and we are dealing now with 1933. It is a year out.

Mr. HEENAN: Mr. Chairman, I do not know whether you are going to give a ruling on that point, but I suggest that if we are speaking on the title of the bill it should be:

This act may be cited as an act for the amalgamation of the operation of the Canadian National and Canadian Pacific railways, 1933.

On that I want to point out that as such it is designed to throw thousands of railway men out of employment, consequently the title as presented to the house is not a proper title. Now I am not going into it, because the Minister of Railways evidently does not like to hear me making the same speech as I made on second reading, but if I have opportunity I am going to make that same speech, with a little latitude, on the third reading as well. The point I want to make is this, that if this measure had been submitted to a committee of the house—and I ask the minister to consider it even yet—the railway employees could, through the members representing the various constituencies, have secured from the railway companies the information that the hon. member for North Winnipeg (Mr. Heaps) has now asked the Minister of Railways for—and I say in all fairness to him I do not see how he could expect it. I want to point out that the government has some responsibility in connection with the employees. I read during the election campaign of 1930, not the slogan "amalgamation never, competition ever," which has been repeated so often, but the report that the then leader of the opposition (Mr. Bennett) promised the people in the maritime provinces on the 10th of July that if he were elected he would split these big heavy freight trains in two so as to give employment to double the number of engine and train crews in the maritimes. Surely we have to have some regard for this kind of thing. I notice some members of the committee looking askance at me, but I have it here in the Halifax Herald of July 10, 1930, on page 4, under the heading:

The Railway Herald and the Labour Men's Forum

It is a Conservative writer, who writes during election times especially, presenting the railway men's viewpoint and regarding the government railways, he says:

He (Mr. Bennett), will, until times improve, break up present huge freight trains into two trains, thus employing double as many men, extra trains and engine men, as are now employed. He will restore local passenger trains that have been cut off and thus make further employment for engine and train men, and give people the service they are entitled to.

Some hon. MEMBERS: Who said that?

Mr. HEENAN: That was Mr. Bennett. Then the writer goes on to say:

Hon. Peter Heenan, Minister of Labour, says this cannot be done, and apparently will not be done if he can prevent it. Hon. Mr. Bennett declares it can be done and will be done if he is elected to power on the 28th. There you may make your choice on the 28th.

I want to point out to the Minister of Railways—

The CHAIRMAN (Mr. MacNicol): I should like to read paragraph (2) of standing order 58, because I do not see that the hon. member is confining his remarks to the section under discussion. Section 1 of the act reads:

This act may be cited as The Canadian National-Canadian Pacific Act, 1932.

The minister will have to explain whether that date should be 1932 or 1933. Paragraph (2) of standing order 58 reads:

Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

I would ask the hon. member to confine his remarks to the section having to do with the short title.

Mr. VENIOT: I rise to a point of order, Mr. Chairman, before you give a final decision. It is customary to leave the title to be taken up last, but in this case the title has been taken up first. That being so any hon. member has a right to say in general terms why he opposes section 1. He opposes it because he does not think the bill should be cited as the Canadian National-Canadian Pacific Act, 1932; he does not think that should be the title, so he has a perfect right to give in general terms the reason why he does not agree to section 1. If section 1 is defeated the whole bill is defeated. That is my point of order, Mr. Chairman, and I think your ruling that we are out of order in carrying on a general discussion under section 1 is erroneous.

Mr. HEENAN: I know you want to be fair, Mr. Chairman, but before you took your seat a general discussion was proceeding and the minister was being asked questions which he was not able to answer. We are just carrying on from that point. Even though I may be out of order I do not think I should always be the butt who is called to order either by the Speaker or by the chairman whenever I rise to defend the workingmen of this country.

The point I want to make, Mr. Chairman, is that in my riding, which is not large numerically but which covers a wide area, there are several railway terminals. I feel there is the danger, and if I know what the railway companies contemplate there is the possibility, that some of those towns will be

blotted out. So if I speak with greater feeling than I have shown in other matters it is because I feel for these people. As you all know I am a railroad man; I earn my living in that way. I have so much seniority that I do not think the government could possibly draft a bill that would put me out of business, unless they knock off my head, and I believe the provincial minister of lands and forests is going to do that very soon. So I am not appealing for myself; I am appealing on behalf of the men and women with whom I have been associated for more than thirty years. I see the great danger of these men and their families being thrown in the dirt and sacrificed in the interests of the financial institutions of this country and the money barons of New York.

What is it all for; what is the reason for all these economies? Last year the railways paid more than their operating expenses; I think they had a surplus of income over operating expenses of about $5,000,000. We need the money to-day to pay the interest on the bonded indebtedness; we must sacrifice hundreds and thousands of people in this country so that those who invested their money may get the last pound of flesh. So I think we have a right to ask the minister and the government what is contemplated before this measure is passed. That is why I speak with so much feeling. I do not know how long I can speak or how often I can speak, but I am going to speak as long and as often as possible until I get sufficient information to make clear that the people whom I represent are protected.

I am satisfied, Mr. Chairman, that if this measure passes, no matter what assurances we may get from the government these people will not be protected. Once this bill becomes law the government will have no more responsibility. They are going to hand over that responsibility to a board of trustees, so far as the Canadian National railways are concerned, and that board will be headed by a man who, once he is appointed, cannot be dismissed though the whole House of Commons and the government want to dismiss him. He can only be removed from office by an address of both houses. I do not care who that man may be; I will not support such a proposal. We are going to put a dictator in charge of the whole investment of the Canadian people in our railways. No matter what assurances the government may give, once this measure is adopted they will have no more control over this man than I will have. He can snub any minister of the crown or the whole government; they will have no come-back unless they can obtain an address of both houses of parliament.

It is easy to see what this means to the railway people in Canada. In the very beginning this bill prevails over all inconsistent provisions and acts which may have been passed previously. All the acts that have been introduced in and passed by this parliament are subordinate to this bill. The chairman of the board, who has the deciding vote in all these matters, is above all the acts that have been passed by the parliament of Canada, and when any matter goes to the tribunal that gentleman has the last word again.

As I was saying, Mr. Chairman, all I want is some consideration for the railroad men of this country, and I would bring forward the same arguments if we were considering those employed in some other line. A few minutes ago the minister said it was about time the industries of this country got together to see that men should not be employed when profits were being made and then discharged when there was no future for them. I admired the minister for that statement; I give him all credit for it, because it is not very often that we can agree. But what better time could there be for the introduction of that policy than the present, when the government of Canada is asking parliament to pass an act which will have the effect or depriving men of work? Why does not the government give a lead to employers throughout the country? We can do it here. I am not going to object very seriously to the economy that is being practised so long as we make some provision for the railway men and their dependents who are going to be thrown on the streets. If you can save $75,000,000 a year surely you can afford a few millions a year to take care of these men, as the hon. member for North Winnipeg put it, for five years. Give them an opportunity to get on their feet. The railway men of this country have had no consideration from the beginning. When the commission was appointed they had no representation on it but there was a gentleman named Loree on the commission, a man on whose railway there are the worst working conditions in the United States. He was brought here to serve on the commission, and if you will read the evidence you will see that from the day he sat down on the commission until he got up he could think of nothing but to slash the wages of Canadian railway men and to pull down their working conditions. In other words, his whole purpose

was to see whether he could not lower their standard of living. That is the evidence before us. Not one working man in Canada was appointed to serve on the commission, to say God bless them, although the present government when in opposition went through the country in 1930, telling the railway men and other labouring classes that they would be given representation on all important commissions. You should have heard how that sounded in the constituency of Kenora-Rainy River—representation on all important commissions. Well, what commission is more important to the railway men of Canada than this one? I am only reiterating the protests of twenty-one general chairmen of all classes of railway men who met in Montreal and wired their protest to this government when they saw in the newspapers that certain gentlemen were likely to be appointed. No notice was taken of them by the government then, nor is any notice being taken of them now, because the minister refuses to allow the bill to go to a committee so that the railway men might be able to present their views. They have no possible way of letting this House of Commons hear their views as to how they will be affected; they are not afforded an opportunity to ask for some protection. That is all I have to say, Mr. Chairman, and I appreciate the fact that you did not rule me out of order.

Mr. MANION: The hon. member said that this act would prevail over all other acts. It does not say so; it says:

> The provisions of this act . . . shall prevail over all inconsistent provisions of all other acts . . .

That is vastly different. The hon. member made another point in regard to compensating men. It is well to remember that in part II provision is made for compensation of men, so far as the Railway Act in the past has compensated them, at terminal points which are being eliminated. I mention that to show that there is some compensation for that class of labour, just as there has been in the past.

Mr. HEENAN: There is no guarantee of compensation in the bill.

Mr. MANION: There never was any guarantee of compensation.

Mr. HEENAN: The point I make is that we are now passing a measure which is going to throw men out of work, and I submit that we should incorporate in it some guarantee of compensation.

[Mr. Heenan.]

Mr. MANION: I have already given my reasons for opposing that suggestion; I do not think we should compensate one class of labour when it is thrown out of work and ignore all other classes, much as we desire to compensate the men in this case. The leader of the opposition has directed attention to the fact that this clause reads:

> This act may be cited as The Canadian National-Canadian Pacific Act, 1932,—

whereas this is 1933. The reason for the apparent error is that this bill was introduced in the Senate in 1932. I am going to ask my colleague to move an amendment substituting 1933 so as to avoid any possibility of misapprehension in that regard.

Mr. VENIOT: I am opposing clause 1 for reasons which I consider very important. If clause 1 goes through it means the adoption of this bill practically as a whole; if it does not go through, then my views may prevail with regard to leaving certain railway conditions in the maritime provinces as they exist to-day. Before going into details, showing the reasons for my objection to this first section, I wish to correct the minister on the question of compensation. The minister tells us that under part II of the bill there is compensation for the men at the terminals. That compensation is provided for in the old act and it has reference only to cases where a terminal is closed or changed and men are moved from one terminal or station to another. But the only compensation they get is expense caused by removal from one point to the other. Surely that cannot be called compensation under this act, when men are being retired from the service.

One of the reasons I gave on the second reading of the bill for my opposition was that there was no guarantee in it with regard to seniority. If laid off for a certain number of months or years the men lost their seniority. I wish now to correct the impression I may have left at that time. I have since gone fully into the question of seniority and I find that it is not governed by any act of parliament; it is covered by an agreement entered into between the different railway unions or lodges and the railway affected. I will therefore leave that argument entirely out of consideration.

Let me however call the attention of the minister to the provident fund or, as we now call it, the pension fund. Up to 1929 there was a provident fund, but the statute has been changed and the new Pension Act appertaining especially to railway employees on the Canadian government railways, was

passed in that year. All new employees on the government railways must come under the new Pension Act and they can no longer be considered as eligible under the old provident fund. They are empowered to make certain rules and regulations, and such rules and regulations have been drawn up governing the administration of that pension fund. I have here a copy of the rules and regulations and it is provided that a man laid off, if he has not been fifteen years in the service, having reached the age of fifty, cannot get compensation. He may get it, but it is not absolute. It is only permissive, depending on the decision of the board and backed by the approval of the minister. A man who has been in the service of the railroad for a shorter term and is laid off because of changes contemplated, we will say by this bill, has absolutely no guarantee that he will benefit from the amount he has paid into the pension fund. For instance, if he is under fifty years of age and has had less than fifteen years of service, under these regulations there would be no guarantee that he would benefit. Under the regulations, the rule of seniority applies in the contracts between the railway and the men. For instance, if I have been fifteen years in the service and my colleague has been only twelve years, he would be laid off if there was a necessity to lay off a man. Take another case: if I am employed, say on section 50 of the Intercolonial and it is found necessary to drop a man from that section, if there is another man employed on another section who is junior to me in service, he will be laid off and I will be transferred to that section. Under the act of 1929 there is no guarantee given to a man that he will enjoy the benefits of the amounts he has paid into the pension fund. The railway commission knew that if their recommendations were accepted the railways would lay off many men and they should have seen that those men were protected. They should have examined the regulation governing pensions; they should have examined the pension act of 1929 and if necessary, called in an experienced railway man to give them any required information. They failed to do that and that is why I contend that this bill should be sent to a special committee so that complete details could be obtained and the necessary protection afforded to these men. The minister should study the regulations in conjunction with the act of 1929, and he should study also the bill now before the committee in conjunction with that act and in conjunction with the regulations. A clause should be placed in this bill so that the men would not have to be dependent upon the whims of the board of trustees as to whether they were entitled to compensation.

Mr. MANION: The deputy minister has handed me a copy of The Intercolonial and Prince Edward Island Railways Employees' Provident Fund Act. Clause 19 reads as follows:

> Employees who are discharged from the service for any cause other than those mentioned in paragraph (b) of section 17, after they have been three or more years contributors to the fund, may be paid out of the fund the total amount of their contributions to the fund, but without interest and less the cost and expense of medical examinations.

I do not think that clause agrees with what the hon. gentleman has said.

Mr. VENIOT: If that act were in existence to-day, then I would admit I was wrong, but it was superseded by the pension act of 1929. That act brings the Intercolonial, the Prince Edward Island road and the ferry service under its provisions. Any person employed from that time on would come under the provisions of the act.

Mr. MANION: My deputy insists that this is still the law.

Mr. VENIOT: Then I differ from him; I am right and he is wrong. A list is given of the railroads that are to come under these very regulations, and that list includes the Intercolonial and all branch lines which are purchased by the government. I would advise the deputy to study this thing very carefully before giving a legal opinion. I maintain I am right but I hope I am wrong.

Mr. CHAPLIN: You are.

Mr. VENIOT: If I am wrong, the men will be protected.

Mr. MANION: I have no desire to attempt to show that the hon. gentleman is wrong, but I am sure that he has no desire to give the committee any inaccurate information. My deputy informs me that where a man joined the service since 1929 he would not be contributing to the pension fund.

Mr. VENIOT: If the minister had followed me closely he would have seen that I agreed in part with that statement. I was referring more particularly to those men who have had only a few years of service on the road, to men who have come in since 1929.

Mr. MANION: They do not contribute anything.

Mr. VENIOT: They are contributing now.

Mr. MANION: No.

Mr. VENIOT: If they are in the pension fund.

Mr. MANION: No; the Canadian National Railways has no contributory pension fund.

The CHAIRMAN (Mr. MacNicol): I would direct the attention of hon. members to the fact that they are addressing one another instead of the chair.

Mr. VENIOT: I am glad you called me to order because I am not the only guilty one. Perhaps this practice will be stopped.

Under these regulations a man would obtain no protection unless he had served a stated number of years and had reached a certain age upon retirement. I want to see that the men are fully protected. If the government believe that they are not as fully protected in this way as they should be, I wish to have a clause placed in the act giving the employees the protection which I feel they should have.

I come to another reason why I am opposed to clause 1. As I said in my remarks on this bill when it was before the house for second reading there is nothing in the bill itself to conserve the status of the old Intercolonial railway. The act, I think it is chapter 172, defines what the old Intercolonial is or shall be. I may be told that we have sufficient protection under the British North America Act, and that nothing contained in this bill can or will supersede the British North America Act as relating to the Intercolonial railway. That may be so, but if power is given under this bill to a board of trustees to lease the road or any section of government owned road or any branch line connected with the government main line, without reference to the governor in council or to parliament, and if the board did put such a lease into effect, the people of the maritime provinces would have the burden cast upon them of protesting before the governor in council or carrying their case to the Supreme Court of Canada. That is something we wish to avoid, and I suggested to the minister on the second reading that a general clause might be inserted at the end of the bill or in any part of it which would absolutely guarantee and safeguard the status of the old Intercolonial railway.

The minister may reply that that is not necessary. But on the question of amalgamation, when there was a great deal of doubt on this side of the house whether the bill as laid before parliament might not mean amalgamation, the Prime Minister in order to satisfy that doubt on this side of the house consented to insert a clause stating absolutely that there would be no amalgamation. All I ask the Minister of Railways to do now is to insert in this bill, before it goes through, a clause absolutely guaranteeing the status of the Intercolonial. Here is the clause I would suggest, and while its phraseology may be a little on the rough side as I jotted it down hurriedly, it could easily be put into legal phraseology that would meet the occasion:

> Nothing in this act contained shall authorize or empower the board of trustees to lease in whole or in part the Intercolonial railway so called or any branch line constructed connecting with said Intercolonial railway constructed or purchased by the government of Canada.

The reason I include the branch lines connecting with the Intercolonial railway is this: While in the original construction of the Intercolonial they did not form a part of it, and while perhaps they are not included in section 145 of the British North America Act, the Intercolonial at Campbellton, New Brunswick, is connected with what is known as the old International railway from Campbellton to St. Leonard, a distance of 108 miles. That International road, constructed in 1908, was acquired by the Canadian government to become part and parcel of the amalgamation which is known to-day as the Canadian National Railways.

There is also the old Canada Eastern railway connecting Newcastle with Fredericton, a distance of 113 miles. In each case the Canadian Pacific almost joins these roads at St. Leonard and Fredericton. There is nothing in this bill to prevent the board of trustees, if they see fit, leasing the old International from Campbellton to St. Leonard to the Canadian Pacific, thereby giving a deep water terminal to the Canadian Pacific in northern New Brunswick. Should such a thing happen what will take place? All freight from Montreal destined for northern New Brunswick would be carried over the Canadian Pacific to St. Leonard, then cross over to Campbellton, and the Intercolonial would become a mere distributing agent for that freight as local freight. The same thing might be done with the Canada Eastern line from Fredericton to Newcastle or to Chatham, where again the Canadian Pacific would get a deep water terminal. We know in northern New Brunswick that the Canadian Pacific have had an eye for a deep water terminal either on the baie des Chaleurs or the gulf

of St. Lawrence. That would give them an opportunity of entering into a slaughtering competition with the Intercolonial right from Montreal down.

Again, supposing that the Canadian Pacific got running rights from Saint John to Halifax over the road which was not a part of the Intercolonial under the act of confederation but was attached to the Intercolonial at a later date, then as I stated before, and it is worth repeating, the Canadian Pacific would have an absolute monopoly of traffic, both passenger and freight, from Halifax to Montreal, because the freight traffic in particular would no longer go by the northern route. It would be routed by the Canadian Pacific over their leased lines from Halifax to Saint John, and from Halifax to St. Rosalie, and into Montreal.

I think I can safely say that I am expressing the fears of the inhabitants of northern New Brunswick when I deal with this question in the way I am. We fear that these things may happen. Some may say that I am suggesting an extreme case. Not at all. The Canadian Pacific has been looking for years and years for running rights over the Intercolonial from Saint John to Halifax. Fifteen or twenty years ago the Canadian Pacific had their eyes on what is known today as the Gaspe road. It was constructed by English capitalists who, after they had put their money into it, felt that it was not a paying proposition and wanted to get clear of it, and the intention at that time was to construct a line from Matapedia across country to the border of Maine.

Mr. PRICE: May I ask if those trains from Halifax and Saint John operated by the Canadian Pacific Railway have not always had Canadian National crews?

Mr. VENIOT: Yes, when the Canadian Pacific had no running rights over the road, but when they had running rights away back in 1910 or 1911, the trains were run by Canadian Pacific crews.

Mr. PRICE: They were never run by Canadian Pacific crews.

Mr. VENIOT: At the present time when the Canadian Pacific runs a passenger or mail train from Halifax the train may be manned by Canadian National workmen. But when the Canadian Pacific has a lease on a road from Saint John to Halifax the train will be run by Canadian Pacific railwaymen, just as trains were run when the Canadian Pacific had running rights from Saint John to Halifax as far back as 1912, 1913 and 1914.

Mr. MANION: What is the hon. member suggesting? Does he suggest that trustees would be appointed who would be so insane as to lease the Canadian National from Saint John to Halifax to the Canadian Pacific and not use the Canadian National? I do not understand the hon. member's suggestion.

Mr. VENIOT: It has been done before. It was done in 1914, not under a lease, but under running rights.

Mr. MANION: That is different.

Mr. VENIOT: The Canadian Pacific was allowed to compete with the Canadian National over their own lines.

Mr. MANION: Running rights is a different matter.

Mr. VENIOT: I am opposed even to running rights. Why should the Canadian Pacific have running rights over the old Intercolonial from Saint John to Halifax, and compete with our own railroads?

Mr. MANION: I do not say they should, but there might be a decision arrived at between two railway companies whereby in return for running rights on one section the other company may give running rights over another section. Certainly there is no intention or thought on the part of the government to appoint trustees who would lease any portion of the Canadian National railway in a way that would permit injury to be done to the Canadian National system.

Mr. PRICE: In regard to running rights over the Canadian National—

The CHAIRMAN (Mr. MacNicol): I would ask the hon. member to take his seat until the hon. member for Gloucester has completed his statement.

Mr. VENIOT: I fully appreciate it is not the intention of the government to appoint trustees to do what I say might be done. But I should like the minister to point out to me, what power the government has to stop the trustees from such action, once they are appointed. The trustees will have absolute power, and the Minister of Railways, or the government, have no power over them at all. The House of Commons would have no power over them. Parliament, consisting of the combination of the two houses, is the only body which would have power.

Therefore I say the situation is such that the government should not hesitate to allay the feeling of uneasiness and mistrust which has been created by this bill, by inserting in the bill a clause such as I have suggested to the minister.

Mr. MANION: Mr. Chairman, I do not intend to take up much time of the committee dealing with my own bill, but there are one or two points mentioned by the hon. member concerning which I should like to make some observations. In the first place, there is no action that this parliament could take which would interfere with the rights of the Intercolonial, as set out in the British North America Act, and to which the hon. member referred earlier in his remarks. He is an old parliamentarian, and is well aware of the fact that the proposed measure cannot overrule the British North America Act.

Mr. VENIOT: I said that.

Mr. MANION: In regard to the amendment suggested by the hon. member, may I say that we have some amendments under consideration, one of which would probably cover the ground taken by the hon. member. I just wish to mention one other point raised by the hon. member for Gloucester, in connection with the running rights of Canadian National crews when the Canadian Pacific Railway runs trains over Canadian National lines in the maritimes. The hon. member asked me a question a moment or two ago concerning which I had not complete information. I am informed that he is entirely right in the statement he made a moment ago, and that the arrangement he set forth is the result of an agreement made between the two railway companies. There is no thought of changing that agreement. In regard to Canadian National crews handling Canadian Pacific trains over Canadian National territory there is no change in view or under consideration.

Mr. VENIOT: That provision applies only under certain conditions, in the event of certain steamships coming to Halifax. It is not a direct privilege of running rights granted to the Canadian Pacific, as they were granted in the old days. The hon. member for Westmorland is quite correct in his statement as to the conditions under which crews are operating, but I maintain I am quite correct when I say that in general running rights are granted over that road. In 1913 and 1914 the crews manning the Canadian Pacific trains were, absolutely, Canadian Pacific crews, and were not Canadian National crews at all. At that time there was no such thing as the Canadian National.

Mr. MANION: An agreement has been recently made to protect those rights.

Mr. ELLIOTT: Did the minister say he had in mind some provision with regard to the pension of those men laid off as the result of cooperation proposed under this legislation?

Mr. MANION: No, the hon. member must have misunderstood me. Replying to the hon. member for Kenora I pointed out that under clause 2 subsection (a) conditions of compensation which exist under the Railway Act are not changed at all. I mention that merely as one instance. The other question to which the hon. member has referred has not been given serious consideration by the government.

Mr. ELLIOTT: I should like to mention a matter which is giving a good deal of concern to employees who in all probability will at least run the risk of being laid off as the result of a reduction in the number of employees engaged. As I understand it employees who have been forty years in the service, upon attaining the age of sixty-five years are entitled to a certain pension. Representations have been made to me, and I have no doubt have been made to the minister, that in regard to employees who have served for forty years but have not reached the age of sixty-five, pensions should be given now, before reaching the required age. It is urged by those interested that an advantage would be gained due to the fact that the period of employment would cease and that the pensioners would make way for persons who hitherto had not been employed. The rate of pension drawn would be less than that which would have been drawn had they reached the age of sixty-five years.

I happen to know of some persons who would be affected. They feel, and I believe with some cause, that great hardship would be worked upon them if, through no fault of their own, they were laid off before attaining the age of sixty-five years, unless in the meantime the pension to which those employees over forty years in the service are entitled were allowed to those men who were laid off who had not attained the age of sixty-five years.

Mr. MANION: I have had some representations along the lines outlined by the hon. member. I must point out to the hon. member however that the men can be retired only in accordance with the agreements made between the mens' unions and the railway companies. Whether or not a railway company can retire a man who has been, say, forty years in the service and has not reached the age of sixty-five, I cannot state positively. However I shall look into the matter and give further information to the hon. member. Generally speaking however the railways may retire an employee who has served up to the age of sixty-five years. When they reach the age of sixty-five years they may be retired, and when they have been fifteen years in the service they are entitled to a pension. The matter of pensions to which the hon. member has referred and to which the hon. member for Gloucester referred earlier in the afternoon, is complicated.

There were three different pension systems. They have been changed at various times. I confess frankly that I am not fully familiar with all their intricacies; it would take a great deal of study to become so, consequently I do not care to make dogmatic statements as to details. But I believe that men can be retired on pension—in fact I know they can—if they have served fifteen years and have attained the age of sixty-five. But the different pension schemes vary in these respects. At any rate the thing is complicated and I do not care to make definite statements without more information than I have. The point made by my hon. friend that men may be retired before reaching the age of sixty-five so long as they are pensionable is, I suppose, worthy of consideration, in these times when we are endeavouring to make as much employment as possible. But the consideration would have to be given by the management in association with the men's unions. I do not know that parliament would have the right to take a very strong attitude in regard to it without some careful study. I shall certainly see that the representation made by the hon. gentleman is put before the railway management.

Mr. ELLIOTT: I realize the difficulty of working out in a way entirely satisfactory to the employees the question of pensions. The pension payable to a man who has served for fifteen years but has not attained the age of sixty-five will not be as great as if he had continued in the service right up to sixty-five; the pension that will have to come out of that fund will not be as large. I may say with regard to the right to discharge, apart from misconduct, that according to the regulations, I think under subsection (d) of section 8 of the Canadian National Railway pension department rules and regulations, there is a provision to pension an employee of the age of fifty or upward who has to his credit fifteen or more years of service and is discharged from the company's service otherwise than for misconduct. That makes it perfectly clear that men who have attained the age of fifty may be discharged from the company's service otherwise than for misconduct with fifteen years of service.

Mr. MANION: Any man is eligible for pension after fifteen years of service.

Mr. ELLIOTT: I want to urge this upon my hon. friend—I am not so particular about an answer immediately because I realize that perhaps that would be unreasonable; but I do ask that before this bill goes out of committee we should have some statement as to what the minister thinks can be done to meet the case of the men to whom I have referred.

Mr. CHAPLIN: A few minutes ago objection was made to the nomenclature of the bill, as being the Canadian National-Canadian Pacific Act, 1932. This bill came into the house from the Senate; it entered the Senate in 1932 and was so named there. But in view of the objections that were made I beg to move:

That in clause 1, line 5, the figures 1932 be struck out and be superseded by the figures 1933.

I am advised that for purposes of reference in the future the figures 1933 will be better.

The CHAIRMAN (Mr. MacNicol): The committee has heard the proposed amendment, that 1932 be struck out of section 1 and 1933 be inserted in lieu thereof. Shall it carry?

Mr. MACKENZIE KING: Mr. Chairman, I am quite agreeable to the amendment carrying, but I think as the minister is considering amending the section at all, in view of his statement that the act was in no way intended as a measure of amalgamation of the two railways, he might well consider whether another title would not be better than the short title selected. It seems to me that, if he were framing a measure designedly in the nature of amalgamation, he could not

have chosen a better short title than that which he has chosen. This act deals almost wholly with the Canadian National; it does not deal to any extent with the Canadian Pacific. It has one part which deals with possible co-operation—

Mr. MANION: Part II and part III deal with both.

Mr. MACKENZIE KING: But as to the parts of the act that are really vital it is in the nature of an act to amend the Canadian National Railways Act. I think it ought to be called the Canadian National Railways Amendment Act, 1933, unless the minister wishes to further in a quiet way the idea of amalgamation by just introducing at the outset this hyphenated title.

Mr. MANION: Mr. Chairman, I did not make the title; the title was framed in the Senate—

Mr. MACKENZIE KING: But the minister must take responsibility.

Mr. MANION: Yes, I do. But with all due respect to my right hon. friend I do not see much in his argument, because as a matter of fact, while it is true that part I deals with the Canadian National, parts II and III deal with both railways. Part II deals with co-operation between the two railways, and part III sets up an arbitral tribunal for cases of dispute as to cooperation. So that the Canadian Pacific Railway has to do with II and III,, while the Canadian National is entirely dealt with in part I. While there may be something in what the right hon. gentleman says that someone might draw the conclusion that this is for the purpose of hinting at amalgamation, I am afraid we cannot prevent people from drawing such conclusions as they may choose to draw. But the Prime Minister has made the statement, and I have made it several times, that there is in the mind of the government no thought of amalgamation in any shape between the two roads. Under the circumstances I am ready to accept the title as it stands, with the modification as to the year suggested by the right hon. gentleman himself.

Amendment agreed to.

The CHAIRMAN (Mr. MacNicol): Shall the section as amended carry?

Mr. MITCHELL: I want to speak on the section before it carries.

The CHAIRMAN (Mr. MacNicol): If the committee will permit, before the hon. member speaks I think I should say that so far the debate has not been confined to this section, namely the title, and I think before the discussion proceeds the committee should say whether they would like the debate to be carried on along the lines it has followed, along the line of second reading, or confined to the title. I am in the hands of the committee and will take my directions from the committee.

An hon. MEMBER: Let the debate go on —general policy.

Mr. MITCHELL: I want to make a few observations arising out of some statements made by the minister in connection with the remarks of the hon. member for North Winnipeg (Mr. Heaps). I agree with the hon. member that practically no consideration was given to the human element engaged in the transportation industry of this country, in connection with the setting up of this commission. Mr. Loree who has been mentioned this afternoon, is the president of the Delaware and Hudson Railway, which is in some way connected with the Canadian Pacific Railway Company. Mr. Loree has been known for many years as perhaps the best labour hater on the North American continent. That is the general understanding among railway men. I believe that the employees should have been represented on that commission. After all, when the evidence is in it is the commission that determines what the recommendation and report to the parliament of this country shall be.

The minister has said that in the Railway Act there is already some measure of protection for the workers in cases where a divisional point is shut down. I understand that the section does not operate unless there is a complete shutdown of that divisional point. All they have to do is leave one crew there, and the section becomes inoperative. I think last session the railroad organizations endeavoured to get an amendment to that section to cover cases where there was an almost total shutdown of the divisional point, but they were unsuccessful. I do not think the men who may be laid off under this scheme of cooperation or amalgamation, whichever you wish to call it, receive very much protection under that section of the Railway Act.

I think in our consideration of this problem we must recognize the fact that the railroad industry is different from almost every other industry in Canada. It must give continuous service, yet it must hold enough in reserve to handle whatever business may come along. Its structure is radically different from that of any other industry, and the men engaged in it have spent their lives in that work and are

specialists in their particular callings. The railway engineers, dispatchers, conductors, trainmen, shop workers and track men, while their services are essential to the conduct of the railroad, find it very difficult when they are laid off and thrown upon the general labour market; their only chance of obtaining employment is to go into the unskilled class.

The CHAIRMAN (Mr. MacNicol): If the hon. gentleman will allow me, we are discussing section 1, the short title, and the hon. gentleman's remarks would be perfectly in order under a later section of the bill. I must ask the committee either to adhere to the section we are discussing or to leave it wide open for any speeches that might be made. I would request the hon. member to confine his remarks strictly to the section under discussion.

Mr. MITCHELL: Mr. Chairman, I did not intend to speak this afternoon, but certain remarks were made by the minister and other hon. gentlemen with respect to pensions. I have certain suggestions to make, and I understand that the debate will close at six o'clock.

Mr. MANION: I am not sure as to that. Some hon. members asked me if that would be possible, and I told them it would, but I am not sure that it will be done.

Mr. MITCHELL: All that I want is some continuity to it.

The CHAIRMAN (Mr. MacNicol): Is it the pleasure of the committee that the hon. gentleman shall continue to discuss something absolutely foreign to the section before us?

Mr. MITCHELL: Mr. Chairman, I think I am entitled—

Mr. VENIOT: I rise to a point of order, Mr. Chairman. This question was brought up previously, and I directed the attention of the committee to the fact that, quite contrary to the usual practice, we are dealing with the title first. This section has to do with the short title, and in dealing with this section I claim we have a perfect right to deal with the bill as a whole, because we wish to give our reasons for opposing the adoption of section 1. That is the point of order I take now and it is the point I took previously. I think it should be decided now once and for all.

The CHAIRMAN (Mr. MacNicol): Then I rule that what we are now discussing is section 1, the short title.

Mr. BEAUBIEN: Then may I ask a question. Does not the title of the bill bring in the whole principle of the bill?

The CHAIRMAN (Mr. MacNicol): When I took the chair the clerk advised me that we were discussing the short title. I therefore presumed that the title had been discussed previously. If that is not so are we to go back now and discuss the title? I refer the committee to standing order 76:

In proceedings in committee of the whole house upon bills, the preamble is first postponed, and then every clause considered by the committee in its proper order; the preamble and title to be last considered.

The first section has to do with the short title, and as I understand it that is what we are now discussing. The title is at the beginning of the bill, but it will be discussed later.

Mr. VENIOT: I claim that the short title should have been the last section in the bill.

The CHAIRMAN (Mr. MacNicol): The standing order I read a moment ago gives the order of discussion. I am informed that we are now discussing section 1, the short title, and I am under the impression that the committee should confine its discussion to section 1.

Mr POWER: Then may I make a suggestion to the minister? He might facilitate matters if he asked that section 1 stand; probably then we might get on.

Mr. MANION: Perhaps I might be permitted to say just a word. I have no desire to do anything but to facilitate matters, and earlier in the afternoon I did object to the general discussion. According to my understanding of the rule Mr. Chairman, I think there has been a slight misapprehension. The general discussion of the principle of the bill is carried on when the motion is made for second reading; once second reading is given it seems to me the discussion should be on each section in turn, as you have ruled. Before section 1, which deals with the short title, is reached, there is the title:

An act respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway System, and for other purposes.

So far as there is a preamble I should say that is it.

Mr. MACKENZIE KING: That is the title.

Mr. MANION: That is the title and the preamble, if you like, and that should be left to the last. Apparently my right hon. friend the leader of the opposition agrees. Now we are discussing the short title, and quite frankly I believe the discussion has been a bit wide of the mark. I only wish to facilitate the passage of the bill, but at the same time I should

like to point out that all this discussion could have been carried on under part II, and I think it should have been carried on under that part of the bill. Part II has to do with cooperation, and whatever loss of employment may take place will come about under that part. As a matter of fact it is my personal opinion that the general discussion carried on this afternoon should have been carried on under part II, and I believe we would facilitate matters—because I suppose no one desires to stay here all summer—without in any way limiting discussion or debate if we adhered pretty closely to a discussion of the sections as they come along. I suggest that with all due reference, but I am content to abide by whatever the committee may decide.

Mr. WOODSWORTH: On a point of ofder, Mr. Chanrman; from the section of the rules which you have just read, it is obvious that we have been completely out of order all afternoon, because it is definitely stated there that the title—and there is only one title—should be left to the last. Throughout the time we have been discussing this matter, Mr. Chairman, it has been understood that we were discussing the title, so that evidently the whole discussion has been out of order. Objection was taken some time ago to any broad discussion under this heading, "title," and it was then stated very definitely that the section was broad enough to admit almost everything. I think that undoubtedly that is so and under that tacit ruling, not a definite ruling of the chair, we have had considerable discussion, for example on the part of my hon. friend from Rainy River and the ex-Postmaster General. It seems very strange now, when someone else gets up to talk along precisely the same line which the discussion has followed for the last hour or two, that the chairman himself should say that the hon. member who wishes to speak is out of order. I do not think there should be any discrimination. The hon. member is as much justified as any of the previous speakers.

The CHAIRMAN (Mr. MacNicol): An hour ago I asked the committee to confine its remarks to clause 1, the short title, pointing out that if that clause carried the committee could go on to clause 2 under which, as I understand, almost anything can be said in connection with the bill.

Mr. DUFF: I suggest that clause 1 be allowed to stand and that we go on with the rest of the bill.

Mr. MANION: Why not pass it?

[Mr. Manion.]

Mr. DUFF: Because under the rule it is not supposed to be passed now. The title is passed after all other sections.

Mr. MANION: I think there is confusion in regard to the title. What we are discussing now is the short title. The title itself reads:

An act respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway System, and for other purposes.

Mr. DUFF: That is the preamble.

Mr. MANION: It is the title.

Mr. DUFF: No, it is the preamble too.

Mr. MANION: It is the short title we are discussing.

Mr. DUFF: What the minister read is the preamble. If it is the title it is not very short.

Mr. POWER: I suggest again that it would be far better to let clause 1 stand.

Mr. MANION: I have no objection to the clause standing. We have been discussing it all afternoon and I had hoped that by five minutes to six we should be able to carry it. If we could carry it, it would be so much progress made. However, if it pleases my hon. friends, and I am always so anxious to please them, I have no objection to having it stand. I suggest that the clause as amended stand and we will come back to it later.

Mr. POWER: To facilitate the business of the house, will the minister hand to someone on this side the amendments which he proposes to move. He said he had certain amendments to propose as we go along, and though I know that it is not customary to do as I suggest, it is extremely difficult to discuss amendments on a moment's notice. If the minister would lay on the table copies of his amendments, in connection with the next four or five clauses at any rate, the committee would have an opportunity of studying them and it would expedite matters.

Mr. MANION: As the hon. member says, that is really not customary and I do not think I should care to do it. I will go as far as this, however. When we come to a clause which is to be amended, unless the amendment is a simple one, such as the one before us now, I shall give it to the committee and let the clause stand and go on with other clauses, so that the committee will have plenty of time to study the amendment. None of them is complicated; I believe that

most of them will be readily accepted. There are however one or two that are not so simple and I will put them before the committee as soon as we come to the clauses affected, and then proceed with others.

Short title stands.

On section 2—Inconsistent provisions.

The CHAIRMAN (Mr. MacNicol): Does the hon. member for East Hamilton wish to go on now?

Mr. MITCHELL: The question I wish to discuss was raised largely by the minister himself. He said that the government could hardly take the responsibility of providing in this legislation for people who might be thrown out of work through the passing of this act. He left the impression that he could not differentiate between the railways and other industries. I could understand that contention if legislation had been passed or proposed that had for its purpose the laying off of men and women in other industries, for I have always held that neither a government nor any other employer has the right to take away work from the wage-earner or interfere with his ability to earn his living, without assuming some responsibility for that act.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

Bill No. 42, respecting the Algoma Central and Hudson Bay Railway Company.—Mr. Bradette.

Bill No. 56, respecting the Nipissing Central Railway Company.—Mr. Casselman.

Bill No. 60, for the relief of Auguste Burdayron.—Mr. Myers.

Bill No. 61, for the relief of Nora Tulloch Carr.—Mr. Bell (St. Antoine).

Bill No. 62, for the relief of Alberta Grace Wood.—Mr. Lawson.

Bill No. 63, for the relief of Hilda Nice Allen.—Mr. Bell (St. Antoine).

Bill No. 64, for the relief of Mary Louise Robinson Reid.—Mr. Bell (St. Antoine).

Bill No. 65, for the relief of Elizabeth Bernstein Schmerling.—Mr. Lawson.

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

The house resumed from Monday, April 3, consideration in committee of Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray.—Mr. Stirling in the chair.

On section 2—Declaratory.

Mr. BENNETT: When this bill was last before the committee I indicated that I thought certain provisions of it were highly unsatisfactory and that the matter should be referred to the appropriate officers of the departments for the purpose of enabling a report to be made and received. The Deputy Minister of Justice has made a report in which he points out that in 1927 we passed an act to incorporate the Detroit and Windsor Subway Company; in 1928, an act to incorporate the St. Clair Transit Company and an act to incorporate the St. Lawrence River Bridge Company, and in 1932 an act to incorporate the Lake of the Woods International Bridge Company, all similar to some extent to this bill. His opinion was that, in view of this fact, he did not think it of practical advantage to question at this time certain provisions of this bill which, but for the acts above referred to, he should have thought questionable.

Leaving aside for the moment the fact that we have enacted the legislation to which I have referred and that but for that fact we should be able to have a different appreciation of this bill from what we now have, I think there is one objectionable feature to which attention might be directed. I daresay that it is within the memory of some members of the committee that the Detroit tunnel is alleged to have cost some $10,000,000; that securities were floated to the extent of $18,000,000 and that investors in both Canada and the United States sustained very heavy losses by reason of that fact; that is that the securities which were issued were nearly twice in amount the cost of the tunnel. This bill makes, it seems to me, no adequate provision to safeguard the investors, and the fact that the stock which has usually been referred to as promoters' stock in all measures of this character can be issued on such terms and conditions as the shareholders, who are the promotors, may determine by by-law, makes it important in my opinion that the bill should be recast. But for the fact, as I have said, that this house has enacted in the past similar legislation with respect to which I certainly on one or two occasions expressed grave doubt,

I would have asked the committee to reconsider this year the idea of passing the bill at all. Since we last met, however, the promoters of the bill have sent their solicitor here and he has expressed the opinion that it can be arranged so as to conform to the suggestions which the departmental officers have made. Under those circumstances I see no reason why it cannot be recast, if the departmental officers and the solicitor of the company are able to arrange satisfactory language to express the intention as indicated by the hon. member for West Lambton the other day, namely, to safeguard the investing public by every means that can be reasonably suggested and to make it clear beyond peradventure that the provisions of the Ontario Securities Act would apply to any securities that might be issued or sold on the undertaking in Canada; it must be remembered that the undertaking is under our jurisdiction only to the centre of the stream and we have no jurisdiction over the complete whole, it being an international undertaking. That difficulty arose in the St. Lawrence in connection with the so-called Peace bridge and was dealt with fairly satisfactorily, except that trouble arose in connection with taxation. Under the circumstances I suggest that the hon. member in charge of the bill permit the committee to rise and report progress. That will allow the solicitor representing the enterprise to confer with the officials of the Department of Justice so as to recast the provisions of the bill in conformity with what I believe would be the reasonable provisions that should govern in a matter of this kind.

I am sorry it was not until late this morning that I received the report from the Department of Justice and it was a little later, I think, when I received the further report from one of the other officers. But this afternoon I had an oportunity of discussing the matter with the solicitor for the undertaking, and in view of that fact I venture to suggest it might be desirable to have the committee rise, report progress and ask leave to sit again so that on Saturday an opportunity may be afforded to ascertain whether a satisfactory arrangement may be made for passing the bill with the safeguards which I have indicated.

Mr. GRAY: As sponsor of Bill No. 41, now before the committee, I appreciate what the Prime Minister has just said in respect to it and especially his view that so far as possible we must safeguard the investing public. Therefore I am quite pleased to allow the bill to stand until such time as the matter can again be adjusted, if possible. But might I suggest that the clerk of the house have the members' bill files brought up to date so far as this bill is concerned. I find that in some of the files it has been brought up to date, but in the majority that I have looked at during the afternoon, only the original bill as first presented is to be found. This bill was amended and reprinted twice before the railway committee. If my suggestion is taken and the amended bill as reported by the railway committee is placed on all the members' files, so that when the amendments suggested by the right hon. gentleman are placed before the committee of the whole, confusion will be avoided. I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

VANCOUVER, VICTORIA AND EASTERN-NORTHERN PACIFIC AGREEMENT

The house in committee on Bill No. 48, to confirm an agreement between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company—Mr. McDade—Mr. Stirling in the chair.

On section 1—Agreement ratified and confirmed.

Mr. STEVENS: I was not at the railway committee when this bill was considered; in fact, I had not known before that it had passed the railway committee and was before the house. This is a rather more serious bill than on the face of it would appear. It will be noted that the bill ratifies an agreement between the Vancouver, Victoria and Eastern Railway Company, which is really the Canadian end of the Great Northern Company, over the tracks of which the Great Northern has access to Vancouver from the boundary on its Seattle-Vancouver line, and the Northern Pacific Railway Company. From a hurried reading of the agreement set out in the bill for ratification, it appears that the two railways are entering into an agreement whereby, on the one hand, the Northern Pacific will tear up its tracks from Colebrook to Sumas and run over the Great Northern line, that is the Vancouver, Victoria and Eastern line, into Vancouver. It is pretty well known that the regular service of the Northern Pacific has for many years run over the line that is indicated in the bill.

But if I am not very seriously mistaken the agreement affects another line altogether. The Great Northern Railway Company proposes, I believe, to take up its line from Osoyoos at the boundary, in the

south Okanagan country, to Princeton. That is part of the whole rearrangement of the operations of this American line in British Columbia. Now if they are permitted to take up or abandon that line from Osoyoos to Princeton it will seriously affect a highly productive and important section of central British Columbia, and before giving permission for the lifting of the tracks on this section I should like the committee to have all the facts before them so that they may be in a position to give consideration to the proposals of the railway.

It may be advisable—I am not for a moment prepared to dogmatize—to permit the company to take up this particular section of track mentioned in the agreement from Colebrook to Sumas. I will admit that it is a line that runs through a section that is pretty well served by a trucking system, and so forth; so that may be quite all right. But that is only part of quite a scheme of abandoning roads, and before parliament ratifies this agreement and permits this American railway company to abandon several pieces of railway in Canada, in the province of British Columbia in this instance, we ought to be sure that the rights of the communities through which run the lines proposed to be abandoned are safeguarded. After a railroad has operated as this one I mentioned from Osoyoos to Princeton has been operating for twenty-five years I should say, and scores of families have built up a fruit farming industry along the line, before the company is permitted to abandon that road, parliament, if it has any control over the matter, ought to make sure that the rights of the people in the locality affected have been properly considered and that their representations have been heard. I do not know whether the sponsor of the bill or the chairman of the railway committee, whom I do not see at the moment, or any other member of the committee is in a position to give all the information that is necessary to assure us that the step to be taken is one that is warranted having regard to the rights of the settlers along the lines affected.

I feel, Mr. Chairman, that this is a very much more serious matter than it appears to be on the surface, and I should like to ask the sponsor of the bill or any other member of the railway committee who knows the facts if he could inform this committee in regard to the points I have raised.

Mr. McDADE: I regret that I am not in a position at the moment to give the Minister of Trade and Commerce the additional information he requires. So far as this bill is concerned, it simply involves the elimination of running rights, as the minister has stated, between Sumas and Colebrook. Those running rights have not been exercised since 1918. In view of the request of the minister, however, it is agreeable to me that the bill should stand, and I will make inquiries from the solicitors, Messrs. Tupper and Hamilton at Winnipeg.

Mr. BENNETT: When the hon. gentleman is investigating, I suggest that his attention be particularly directed to the clauses that provide for the dismantlement of a portion of the line and to the provisions with respect to the payments that will be made in consequence thereof, and determine whether or not there are any settlers' rights that should be dealt with having regard to what was said in this house a year ago with respect to a similar matter when another railway company was dismantling a portion of its line to the detriment of the settlers. After all that is investigated, I think he would be in a position to answer some of the questions that are in the minds of this committee.

Mr. SPEAKMAN: In justice to the railway committee I should like to indicate that there was not any such laxity as it might be supposed there was, because the committee did with some care ascertain the opinion of the Department of Railways with respect to this bill. We were particular to ask whether the department had examined the bill and if they had any objection to it, and the point now raised was not raised by the department at that time.

Mr. MANION: In appearing before the railway committee with respect to a matter which does not directly affect the Department of Railways or the Canadian National Railways, I am there just as an ordinary member of the committee, and I do not think I expressed myself on this matter at all. I simply sat there and listened, and was informed in regard to it. I saw no reason to oppose the bill, as it did not affect the Canadian National Railways. I say that just to indicate my position in the matter.

Mr. SPEAKMAN: The query was not directed to the minister, but to the officer of the department who, I suppose, spoke for the department.

Mr. MANION: Only in a legal way. The officer was one of the legal officers of the department, and his purpose there is merely to advise from a legal standpoint.

Mr. SPEAKMAN: He would share the responsibility?

Mr. MANION: Quite right.

Section stands.

Progress reported.

HOSPITAL SWEEPSTAKES

Mr. C. G. POWER (Quebec South) moved the second reading of Bill No. 67, with respect to hospital sweepstakes.

He said: Mr. Speaker, in moving the second reading perhaps I had better explain to the house how it came about that, perhaps unconsciously, I assumed paternity of this bill. I assure hon. members that when the bill was called yesterday I had no intention of intervening in any way, but it appeared that there was no sponsor for it in this house. Knowing the high esteem in which the sponsor of the bill in another house was held when he was a member of the House of Commons, and the deep feeling of gratitude which should animate many hon. members opposite toward him, I thought perhaps they would be grateful to some hon. member on this side of the house who would give them an opportunity to express their views on this bill respecting hospital sweepstakes. Moreover, I felt that a matter of this kind which had been so much debated in the public press and by the public generally throughout Canada should come before the House of Commons in order that the principle underlying it might be either accepted or rejected by hon. members.

The measure passed the other chamber with a reasonably good sized majority. I assume hon. members of that chamber believe that the time has come for people in Canada to do away with a certain amount of the hyprocrisy to which for many years we have been the slaves. Most of those men have reached mature age, they are men who are not influenced by public outcries, men who have lived perhaps longer than most of us in this House of Commons, and have had the experiences of life. If the measure commends itself to them—

Mr. GARLAND (Bow River): The hon. member's sense of humour still prevails.

Mr. POWER: I can assure my hon. friend that in moving the second reading of the bill I had no intention of being humorous, but I might derive a certain amount of amusement from watching the vote of a number of hon. members in this chamber. Many of whom, I have no doubt, if left to their own devices and given the assurance that their actions would not be reported in the local press or to the local church, would be very happy to buy a ticket on, let us say, the sweepstakes in the native land of the hon. member who has just spoken.

In passing this legislation I believe the Senate took into account the ordinary feelings which animate nearly every citizen of Canada. We are a new country; our citizens are accustomed to taking chances. My western friends take chances on the harvests and on the climate, and the statement has been made by one hon. member that in order to eke out their existence they even take chances on the wheat pit.

Mr. McINTOSH: And on the government, too.

Mr. MOTHERWELL: Yes, a long chance.

Mr. POWER: It has even been said that the government itself takes chances on the wheat pit. I have heard it said outside of the house that not since the time of Joseph has there been such a strenuous attempt made to corner the wheat market as has been made by the government. If any hon. member opposite gets the impression that I was in any way offensive or blasphemous may I tell him that I referred to Joseph Leiter of Chicago, who along with Arthur Cutten and other operators, is well-known to those who have been interested in wheat.

There is no doubt that throughout the length and breadth of this land there are thousands of people who are willing to take chances on the races, on the stock markets or in the businesses in which they are engaged, and who would be only too glad to be given the opportunity of risking a very small sum of money in the hope of acquiring great wealth. Many of us hold tickets on these sweepstakes. I make no bones about it when I say that there has not been a sweepstake in the last ten years to which I have not subscribed willingly. We have dreamed sweet and pleasant dreams, and built ourselves castles in the air on the more or less problematical winnings we expect to make. Why not permit our people to continue to have these dreams—to continue to build these castles? The days of depression are hard enough and long enough, Lord knows. Why not give them at least a few minutes of joy and pleasure in anticipation of what might be or what might happen?

I commend this bill to hon. gentlemen opposite having regard to the responsibility of another house, to those of my friends who

hold the views I do with respect to the so-called sin of gambling, and generally to all the members of the house.

To explain the bill, as I suppose I must, may I say that one clause provides that the attorney general of any province may authorize sweepstakes and may make regulations. These regulations shall be printed so that the public generally may know the rules of the game, and be assured that they are getting a run for their money. Authority is given to sell tickets, notwithstanding anything which may be in the criminal code, and penalties are provided for those who sell tickets without authorization. That is about all there is in the bill. It may appear to a number of hon. members, as it does to me, that we might strike from the bill altogether the provisions regarding hospitals. There is no necessity for being hypocritical about it; let us just put the bill on the basis on which most of us think it should be, that of affording an opportunity for the citizens of Canada who so desire to buy a ticket in a sweepstake.

Mr. A. U. G. BURY (East Edmonton): I am a little in doubt whether the hon. member who spoke last (Mr. Power) was speaking seriously or jocularly. I could not help but remember, as I listened to the first part of his argument, based on the action of the Senate, the argument along absolutely opposite lines made I think, by him, certainly by some hon. members on the opposite side, in connection with the railway bill which is now in committee. Hon. members on that side were vociferous in their protestations that the mere fact that the Senate had given its blessing, its imprimatur to the railway bill after most elaborate and careful consideration, after hearing an enormous amount of evidence at great expense, was no argument for its acceptance here; they were none the less disinclined to accept the findings of the Senate. They were not even prepared to give any weight to these findings.

Mr. POWER: I was dealing with the morality aspect.

Mr. BURY: They said that this house must stand on its own feet and consider the question independently, without taking into consideration any argument of the Senate or any result at which the Senate arived. That being so, when we come to this bill, which certainly had not the support of the Senate to the extent the other bill had, which certainly had not the consideration given to it by the Senate which the other bill had, I can hardly believe that my hon. friend is anything but jocular when he asks us to give any weight to the fact that the Senate has passed this bill.

He has referred to the conditions in which the country unfortunately finds itself, the condition of depression from which people in all positions are suffering. He has urged that this is one means of dissipating the mental state arising from the depression, that if we put this bill on the statute books the sun will shine again, the clouds will roll away, the birds will sing and all will be for the best in this best of all possible worlds. I can hardly believe that. My own strong feeling is that one of the things which we need—and in that need I associate myself with every other citizen of Canada,—more than anything else at this time is not the spirit of gambling but the spirit of hard work and of thrift. I am quite conscious from my experience in the small circle in which I move that one of the great curses of the last few years has been the spirit of gambling. I do not think there is anything which this parliament could do that would be worse than to pass a bill which gives countenance to the institution and practice of gambling, and which is a distinct bid and incentive, if you like, to the spirit of gambling.

My hon. friend skated over the provisions of the bill with consummate skill; I think if he had dwelt upon them he would have found that the ice was not strong enough to bear his weight. As I look through the provisions of this bill I find that the sweepstakes that are to be made legal are virtually the sweepstakes of the attorneys general of the provinces. The attorney general of each province is linked with this machinery from first to last. He does almost everything except to advertise and sell the tickets. It is he who gives sanction to it; it is he who decides among what hospitals the money is to be divided; it is he who is to determine the proportions in which the money is to go to such hospitals. It is he who does almost everything from first to last, and the committee is very little more than his agent. I therefore think it would be the worst possible action on the part of this government to pass a bill of this kind. I have, as perhaps hon. members of this house know, a profound admiration for the legislative wisdom of the people of the motherland, and I cannot refuse to allow myself to be influenced by the fact that notwithstanding that in England gambling is practised to a very great extent and society indulges in that pastime and indulges very extensively in betting on horse races, the coursing of greyhounds, and every other con-

ceivable form of sport, none the less the British parliament has not legalized sweepstakes. And while it is true that the parliament of the south of Ireland has done so, I do not know that that would be any argument to me for considering it particularly good. I have no great admiration for the wisdom of the parliament of the southern part of my native island.

If the argument of my hon. friend is true, why not go the whole way? Why not completely abolish every restriction on gambling? If my hon. friend is right in his argument that what we want is to have the gaiety of nations increased by the passage of such a bill and by the removal of the restrictions on gambling, why not go the whole way; why not lift the cloud of depression and put this country on its feet again by encouraging everyone to gamble on every possible pretext and occasion and on every possible form of chance? That is the logic of it. If gambling is good to any extent why not use it to the limit? But the bill does not propose that. The bill proposes to take a practice which has been declared illegal, which stands now as an illegality in our criminal code, and, because the object is worthy, to clothe it in a garment of white and send it out as a good and pure thing. If it is bad, how can it be argued that the fact that the money it produces is to be used for hospitals makes it good? If it is good, why is it in our criminal code? Why not sweep away all the restrictions and withdraw the prohibitions that now make gambling illegal?

I have no intention of labouring this matter any further because I imagine there are other hon. members who desire to speak on it. For the reasons I have given in a rather rapid and sketchy form, I am opposed to the passage of this bill.

Mr. A. M. CARMICHAEL (Kindersley): Mr. Speaker, I do not think the house need make any mistake as to the purpose of this bill—it is to legalize gambling in the various provinces at the option of the attorney general of each province. As the previous speaker (Mr. Bury) has pointed out, this bill puts within the hands of one individual in each province the decision as to whether or not sweepstakes shall be permitted in that particular province. In other words, this great moral question of gambling is to be decided by one individual in each province. That is entirely unfair. There might be an attorney general who looked upon gambling as a moral question which should be decided upon its merits. He might not feel like opening the door to gambling. On the other hand, there might be an attorney general who took the contrary view. There is being placed within the ambit of one man's judgment the decision whether or not the doors shall be opened to gambling within a particular province. I have been informed that the real purpose of this bill is to raise money for the hospitals in the Pacific province which have got into rather bad financial condition.

The last speaker referred to the hospital sweepstakes act passed by the Irish Free State. This act, known as the Public Charitable Hospitals Act, was passed on June 4, 1930. I think it should be drawn to the attention of the house that there is a time limit placed upon the operations of this act. The act specifies that it shall become inoperative after July 1, 1934. Its operations are confined to the period between June 4, 1930, and July 1, 1934. I should like to give the house some information as to how this act has worked out in practice. After all, the official test of any legislation is the results obtained. The Irish sweepstakes bill was in operation for five sweeps prior to the one of 1932. The total amount of money involved in those five sweeps was £13,800,000. The sellers' commissions amounted to £2,300,000; other expenses amounted to £1,041,000, while the prizes totalled £7,675,000. The total of the prizes, expenses and commissions was £11,016,000. Deducting that from the total amount collected we find that there was left for the hospitals £2,784,000. Bringing these amounts down to percentages, we find that the hospitals received just twenty per cent of the money collected. There are a number of business men in this house and I do not think it would be hard to convince them that it is not good business where it costs 80 cents to collect 20 cents. If the Minister of Finance brought forward some proposal to raise money by way of taxation at a cost of 80 per cent, I do not think we would take very long to defeat it. I recall a few years ago that we were told it cost 2 per cent to collect over $100,000,000 in income taxes. We considered that that was very good business.

Last year a royal commission was appointed by the British government to investigate sweepstakes and decide whether or not it would be profitable for the British government to undertake the operation of sweepstakes similar to those operated in the Irish Free State. This commission was under the chairmanship of the Right Hon. Sir Sydney Rowlatt, and representatives of various interested organizations gave evidence. I think it would be interesting to those of us who

have not first-hand knowledge of the working of such legislation to know just what evidence was given before this commission. Sir Arthur Stanley gave the following evidence on behalf of the hospitals:

> The annual conference of the British Hospitals Association held at Eastbourne June 2, 1931, passed the following resolution:
> That the British Hospitals Association is not in favour of amendment of the law affecting public sweepstakes which purports to be for the benefit of voluntary hospitals.

That is the attitude of the British hospitals towards sweepstakes legislation. The evidence continues:

> Those engaged in hospital work know that if a large sum of money were given out of the proceeds of lotteries as in Ireland towards the maintenance of individual hospitals, it would have a tendency seriously to diminish charitable contributions which are now the main source of the income of those hospitals.
> It is estimated that approximately £8,000,000 a year comes from private contributions. A considerable part of this sum is given by people who are opposed to lotteries on principle, and these would certainly withdraw their support.

That is the evidence given before the commission by a gentleman representing the hospitals in Great Britain. Another interested organization was the jockey club. The following evidence was given by the Earl of Harewood, senior steward of the jockey club:

> The jockey club does not ask for, nor even support, the legislation of sweepstakes. So far as the interests of racing are concerned, the jockey club opposes it.

Here are the reasons for so doing. They oppose it—

> —because of opportunities for fraud which are offered by these sweeps. A man who has £30,000 (or in some cases much more) to play with can offer large bribes. Stable boys, jockeys and trainers might be tempted to accept a bribe to secure the defeat of a horse, and are, of course, in a position to make certain of his defeat. Even an owner, placed in the same temptation, can prevent his own horse from winning.

That was most convincing evidence, and it was evidence submitted by the jockey club to show where they stood in regard to the sweepstakes investigation. There was also presented before that commission the evidence of the Church of Scotland. On page 151 of the evidence we find recorded there that the church and nation committee of the Church of Scotland submitted evidence as follows:

> Its membership embraces 1,300,000 communicants and has the religious training of 350,000 boys and girls in Sunday schools, and 120,000 young men and women in bible classes. The general assembly in 1931 communicated to His Majesty's government a statement of their "opposition to any legislation which would sanction sweepstakes or lotteries for charitable or other purposes."

On May 31, 1932, the general assembly, in considering the report of one of their committees, passed a unanimous resolution in these terms:

> The general assembly instruct the committee to take steps to bring before the royal commission on betting laws a statement of the church's conviction that any amendment of the law should be in the direction of reducing the facilities for every form of betting.

Then we have recorded also the evidence of what is known over there as the Christian Social Council of England. This council is made up of representatives of all the Christian churches in England except the Roman Catholic church. The speaker for this organization was the Most Reverend and Right Honourable William Temple, Archbishop of York. He said:

> The Christian Social Council, which is a body consisting of representatives officially appointed by all the churches in England (except the Roman Catholic church) through a special committee appointed stated:
> "That legal recognition should not be given to lotteries, sweepstakes or prize draws in any form whether for charitable purposes or otherwise. . . . The committee view with alarm the suggestions made to the commission that the hospitals should derive benefit from state lotteries, and are assured of the strong opposition of the Christian churches to any such proposal."

There was further evidence to show how sweepstakes as carried on in the Irish Free State tended to foster disrespect if not contempt for law and order. It was brought forword in evidence that in England, though it is illegal for anyone to sell tickets in the Irish sweepstakes, approximately £2,500,000 of English money had gone across the channel to Ireland in connection with Irish sweepstakes; and besides that £100,000 of English money had been intercepted in the mails. Prosecutions had been undertaken against some individuals in certain cases, but it was pointed out in the evidence that there seemed to be rather a contempt for meting out law and justice to offenders in such cases.

If we want any evidence nearer home with regard to the possible effect of sweepstakes legislation on the people of our country, we need only look back about two years to note what happened in the stock market crash. That crash will give some idea of the results of speculation and gambling. Stock values in 365 leading securities on the London Stock Exchange in 1922 were worth £5,500,000,000,

and in 1929 they had increased to £7,200,000,000; in other words, in seven years there had been an increase of £1,700,000,000, or approximately $8,300,000,000, brought about largely by speculation. In May 1931, two years later, they were worth approximately £6,000,000,000, or a drop in two years of £1,200,000,000 or nearly $6,000,000,000. That is on the London Stock Exchange alone.

On the New York Stock Exchange, in the peak of 1929, values were about £18,000,000,000. In 1931, two years later, they were £9,000,000,000. This represents a drop in values of £9,000,000,000 or about $44,000,000,000. That represents losses to the people of Canada, the United States, Great Britain and other countries. Indeed it represents not only losses but ruin to a great many people.

In addition to these forms of speculation and gambling which have prevailed in past years, we have had in the western country a great deal of gambling on the Winnipeg Grain Exchange, and I think we could bring scores, yes hundreds, and perhaps I might be safe in saying thousands of farmers here who could testify to ruin—

Mr. DEPUTY SPEAKER: The hour for private and public bills has expired. The Minister of Railways moves that the house go into committee to resume consideration of Bill No. 37.

Mr. VENIOT: Is it in order, Mr. Speaker, for the house to go into committee on this motion, having been in committee this afternoon, and progress not having been reported?

Mr. DEPUTY SPEAKER: According to the rules, on Friday night at nine o'clock the house automatically resumes in committee on the subject matter under consideration before six o'clock.

Mr. VENIOT: Under what rule?

Mr. DEPUTY SPEAKER: Of course, the hon. member may raise a question of privilege at any time; otherwise I shall have to leave the chair automatically.

Mr. VENIOT: But you did not leave the chair automatically, Mr. Speaker.

Mr. DEPUTY SPEAKER: No. I put the motion; I should not have done so.

Mr. VENIOT: Then I am in order in taking objection.

Mr. DEPUTY SPEAKER: At nine o'clock I should have left the chair, and if the hon. member had a question to raise he could have raised it in committee.

[Mr. Carmichael.]

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for co-operation with the Canadian Pacific Railway system and for other purposes—Mr. Manion—Mr. MacNicol in the chair.

On section 2—His Majesty bound.

Mr. HEAPS: When the committee rose at six o'clock, we were discussing section 2 and I think some hon. members had previously discussed the question of compensation as contained in paragraph (a) of this section. Paragraph (a) deals in a very limited manner with compensation to employees, and for a few minutes I am going to discuss the question of compensation to those employees who are likely to lose their positions through the operation of this measure.

The fact is—and I think it is generally realized—that the personnel of the commission appointed to inquire into the railway situation was not very much concerned with the well-being of the men composing the staff of the two railway systems; it was more concerned with the financial structure of the railways and with the prospect of the two companies being placed upon a dividend paying basis. For the time being I have no fault to find with that aspect of the case, but I feel it would have been better had serious consideration been given to the probable plight of many thousands of men who have been in the employ of the railways for quite a number of years. During the past few years, on account of contraction of business and other minor reasons, large numbers of railway employees have been compelled to leave the service, and those who are to-day employed on the railways are mostly men who have given them long years of service. It is hard to arrive at an exact figure as to how many men are likely to lose their positions as a result of the operations of this bill, but I believe, as mentioned by Mr. Beatty in his speech to which reference was made this afternoon, there is likely to be in the next five years half the number let out of employment as would be let out were actual amalgamation of the two railways put into effect. I think I am stating a conservative figure when I say that 20,000 employees will find themselves without work in the next few years. It is also claimed by Mr. Beatty that the actual saving to the railways if amalgamation took place would be in the neighbourhood of

$75,000,0000. Whether that be an extravagant figure I cannot say, but I presume the president of the Canadian Pacific Railway, with his usual thoroughness, would have investigated the matter with extreme care and used those figures only after mature consideration. I figured out rather roughly this afternoon that in at least the next few years there is a possible saving to the two railways of $25,000,000 in the form of wages, and I feel no injustice would be done to the railways if a fairly large percentage of that amount which they are to save were used to compensate the men who will lose their positions as a result of this measure.

This afternoon we had it as the opinion of the minister that because he is in favour of granting compensation to all employees who lose their positions, we should not deal simply with railwaymen. Now is the appropriate time to initiate measures to take care of men who lose their jobs, because so far as I know, this is one of the very few cases where men are likely to lose their positions on account of the operation of a measure to be put into effect by parliamentary action. The time has come when practical application should be put to those phrases which we use in regard to the human element in industry. I should like to take the opportunity of moving an amendment to clause 2 along these lines:

> Any employee of the railway companies affected by this act or any employee who loses his employment as a result of cooperation of services between the railways shall be entitled to such compensation to be determined by a board of three to be appointed: one by the employees, one by the railways, and a third to be selected jointly by the preceding two parties.
>
> In case of failure to select a third party, who shall be chairman of such board, then such selection shall be made by the Minister of Labour.
>
> The funds for such compensating board shall be derived from a levy on the gross receipts of the two railways and the award of such board shall in all cases be final.

I move that as an addition to clause 2.

The CHAIRMAN (Mr. MacNicol): May I ask the hon. member to what part of clause 2 this amendment refers?

Mr. HEAPS: I would put it at the end.

Mr. MANION: Before we deal with the merits of the amendment, I should like, just for the information of the committee, to suggest that it is possible the amendment may be out of order, the reason being this: there is a rule that no one but a member of the government may introduce legislation to increase public expenditures. My hon. friend has introduced an amendment, it is true, that the railways out of gross earnings shall pay to men who are dropped because of cooperating measures such compensation as may be decided upon by some board. It is true that technically the railways would pay that, but as a matter of fact if we take the earnings of the railways for the last year or, at any rate, for the last few years, it would be the people of Canada, through the government, who would be paying it, because the deficit last year on the national railways, including eastern lines, was over $60,000,000, the operating net revenue of the national railways being $5,000,000, and the interest on both eastern lines and the general system amounting to so much that the total deficit, as I say, was over $60,000,000. I merely draw that to the attention of the committee as a point that should be considered before we discuss the merits of the amendment.

Mr. HEAPS: The point raised by the minister is a peculiar one. It appears that a motion will be quite in order if the Canadian National has a surplus and be out of order if it has not. You cannot have a point of order based on such conditions. If the government is providing funds for the railway, it is doing so of its own volition. Parliament has the power to vote it down, if it so desires. So far as the Canadian Pacific is concerned, it does not come in the same way under the provisions of the act; consequently in my opinion the amendment is not out of order.

Take the case of the workmen's compensation boards in our provincial legislatures; in certain of our legislatures private members have introduced bills to increase the compensation paid to men who are injured and who come within the scope of the board. If it is in order for a private member in a legislature to make a motion to increase compensation by a levy on industry, whether the industry pays or not, the same thing applies to this case.

Mr. MANION: In the case of the compensation board, the money is paid by the industry from which the compensation is collected, so that it would not be a payment by the government at all. Therefore a private member could introduce such legislation.

Mr. HEAPS: We are told that the Canadian National Railways is a private institution and that the government had to take over the assets of the company. I cannot see how putting a levy on the receipts of the two corporations can be regarded as spending government funds. I would like to have the com-

mittee consider this amendment because I believe it is one of the most important questions that can be considered in connection with this bill.

Mr. MACKENZIE (Vancouver): Speaking to the point of order, as this bill removes entirely from parliament the control of the expenditures of the Canadian National Railways, I do not think the point of order is well taken, because the levy proposed is upon an industry which by the terms of this legislation is no longer within the purview of the minister or of parliament. If it were otherwise, the point of order raised by the minister would be well taken.

The CHAIRMAN (Mr. MacNicol): I am advised that the amendment is not in order, and my authority for so ruling is standing order 61. Paragraph 561 of Beauchesne's Parliamentary Rules and Forms, page 167, says:

> Bills for appropriating any part of the public revenue, or for imposing any tax or impost shall originate in the House of Commons. B.N.A. Act, sec. 53.

And paragraph 562 reads:

> It shall not be lawful for the House of Commons to adopt or pass any vote, resolution, address or bill for the appropriation of any part of the public revenue, or of any tax or impost, to any purpose that has not been first recommended to that house by a message of the governor general in the session in which such vote, resolution, address or bill is proposed.

I therefore rule the amendment out of order.

Mr. MACKENZIE (Vancouver): I suggest, Mr. Chairman, that the effect of your ruling—I am not quarrelling with it—is that the government does accept complete financial responsibility for the operating revenues and the operating deficits, as the case may be, of the Canadian National Railways from now on.

Mr. MANION: We cannot help ourselves so far as the deficits are concerned. If we do not accept responsibility, I do not know who will.

Mr. HEAPS: If you rule the amendment out of order, Mr. Chairman, I must challenge your ruling because I think your interpretation of the amendment is entirely wrong and that your ruling creates a precedent which I should not like to see adopted in this house.

Mr. DEPUTY SPEAKER took the chair and submitted the question to the house in the following terms:

> Mr. MacNicol from the committee of the whole reports that an amendment was submitted to clause 2 in the following terms by the hon. member for North Winnipeg (Mr. Heaps):
>
> "Any employee of the railway companies affected by this act or any employee who loses his employment as a result of cooperation of services between the railways shall be entitled to such compensation to be determined by a board of three to be appointed: one by the employees, one by the railways and a third to be selected jointly by the preceding two parties.
>
> "In case of failure to select a third party, who shall be chairman of such board, then such selection shall be made by the Minister of Labour.
>
> "The funds for such compensating board shall be derived from a levy on the gross receipts of the two railways and the award of such board shall in all cases be final."
>
> Mr. MacNicol, acting as chairman of committee of the whole, has ruled the amendment out of order on the ground that it calls for the expenditure of money, which amendment cannot be moved by a private member. Mr. Heaps appealed from the ruling.

Mr. MACKENZIE KING: It is important that mention should be made in the chairman's submission of the fact that the essence of the amendment is that the moneys required will not necessarily be appropriated by parliament but may come out of the revenues of the railway. That is a very essential point in considering the ground on which objection has been taken to the chairman's ruling.

Mr. DEPUTY SPEAKER: It is not for me to decide that. I take the amendment as brought before me and the decision of the chairman.

Mr. MACKENZIE KING: But the house should understand that feature of it.

Mr. DEPUTY SPEAKER: I have read the amendment to the house, and it is for the house to decide whether it is in favour of the ruling of the chairman or not.

Mr. NEILL: Do not the rules call for the point of order to be put in writing by the chairman? Was that done?

Mr. DEPUTY SPEAKER: Yes, it has been put in writing by the chairman.

Mr. NEILL: Would you be kind enough to read it?

Mr. DEPUTY SPEAKER: I have just read it. It is as follows:

> Amendment ruled out of order on the ground that it calls for the expenditure of money, which amendment cannot be moved by a private member. Mr. Heaps appealed from the ruling.

That was the ruling of the chairman.

Mr. NEILL: That was the ruling, but not the point of order.

Mr. DEPUTY SPEAKER: The point of order has been raised in committee and it has been referred to me by the chairman for decision. Those in favour of the chairman's ruling will kindly say "aye", and those against, "nay."

The house divided on the question: Shall the ruling of the chair be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Anderson (Halton), Arsenault, Barber, Baribeau, Bennett, Bourgeois, Bowman, Bury, Cowan (Long Lake), Dickie, Duranleau, Esling, Fraser (Cariboo), Garland (Carleton), Gobeil, Hay, Jones, Kennedy (Winnipeg South Centre), Macdonald (Kings), MacLaren, MacNicol, McGillis, McGregor, McLure, Manion, Myers, Nicholson, Perley (Qu'Appelle), Plunkett, Price, Rogers, Ryerson, Shaver, Simpson (North Simcoe), Smith (Victoria-Carleton), Spankie, Spence, Spotton, Sproule, Stanley, Stewart (Leeds), Stewart (Lethbridge), Stirling, Stitt (Nelson), Sutherland, Weese, Weir (Melfort), White (Mount Royal), Wright.—49.

NAYS

Messrs:

Beaubien, Bradette, Carmichael, Garland (Bow River), Golding, Hanson (Skeena), Heaps, Hepburn, King, Mackenzie, Lucas, MacInnis, MacLean, McIntosh, Mitchell, Motherwell, Munn, Neill, Reid, Spencer, Taylor, Totzke.—21.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Baker, Barrette, Beaubier, Bell (Hamilton), Bell (St. Antoine), Bell (St. John-Albert), Beynon, Black (Halifax), Bowen, Boyes, Burns, Cahan, Cantley, Casselman, Charters, Cotnam, Cowan (Port Arthur), Davies, Dorion, Duguay, Dupré, Edwards, Bertrand, Rhéaume, Ahearn, Mercier (St. Henri), Raymond, Dubois, Euler, Dubuc, McKenzie (Assiniboia), Coote, Butcher, Rinfret, Cardin, Howard, Blair, Hurtubise, Ilsley, Irvine, Verville, Dumaine, Ferland, Elliott, Embury, Fortin, Gagnon, Ganong, Geary, Gordon, Gott, Guthrie, Hackett, Hanson (York-Sunbury), Harris, Johnstone, Laflèche, Larue, Laurin, Lawson, Lennox, MacDonald (Cape Breton), MacMillan, McDade, McGibbon, Maloney, Matthews, Morand, Mullins, Murphy, Perley, Sir George, Pettit, Pickel, Porteous, Rhodes, Robinson, Ross, Rowe, Ryckman, Sauvé, Senn, Short, Simpson (Algoma), Smith (Cumberland), Smoke, Stevens, Stinson, Stitt (Selkirk), Sullivan, Thompson (Simcoe), Tummon, Turnbull, White (London), Willis, Wilson, Bothwell, Fafard, Boulanger, Hanbury, Mercier (Laurier-Outremont), Deslauriers, Rutherford, Lapointe, Perras, Veniot, Jacobs, Donnelly, Girouard, Thauvette, Fontaine, Gray, Pouliot, Urquhart, Mackenzie (Vancouver), Dupuis, Power, Young, Moore (Ontario), Parent, Howden, Stewart (Edmonton), Marcil, Bouchard, Speakman, Macphail, Miss, Ralston, Desrochers, Roberge, Lacroix, Chevrier, Séguin, Sanderson, Heenan, Casgrain, Duff, Cayley, Malcolm, Hall, Weir (Macdonald), Brasset, Jean, St-Père, McPhee, Gershaw, Brown, Valance.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted I would have voted for the chairman's ruling.

Mr. GERSHAW: I was paid with the hon. member for London (Mr. White). Had I voted I would have voted against the chairman's ruling.

Mr. YOUNG: I was paired with the hon. member for South Renfrew (Mr. Maloney). Had I voted I would have voted for the chairman's ruling.

Mr. ROWE: I was paired with the hon. member for Beauce (Mr. Lacroix). Had I voted I would have voted for the chairman's ruling.

Mr. MURPHY: I was paired with the hon. member for West Edmonton (Mr. Stewart). Had I voted I would have voted for the chairman's ruling.

Mr. CANTLEY: I was paired with the hon. member for Richelieu (Mr. Cardin). Had I voted I would have voted for the Chairman's ruling.

Mr. SIMPSON (Algoma West): I was paired with the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Had I voted I would have voted for the chairman's ruling.

Mr. SPEAKMAN: I was paired with the hon. member for Brome-Missisquoi (Mr. Pickel). Had I voted I would have voted against the chairman's ruling.

Mr. HEENAN: I was paired with the hon. member for Digby-Annapolis (Mr. Short). Had I voted I would have voted against the chairman's ruling.

Mr. McDADE: I was paired with the hon. member for Laprairie-Napierville (Mr. Dupuis). Had I voted I would have voted for the chairman's ruling.

Mr. PORTEOUS: I was paired with the hon. member for Southeast Grey (Miss Macphail). Had I voted I would have voted for the chairman's ruling.

Mr. ELLIOTT: I was paired with the hon. member for South Waterloo (Mr. Edwards). Had I voted I would have voted against the chairman's ruling.

Mr. SANDERSON: I was paired with the hon. member for Haldimand (Mr. Senn). Had I voted I would have voted against the chairman's ruling.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted I would have voted against the chairman's ruling.

Mr. CHEVRIER: I was paired with the hon. member for East Toronto (Mr. Ryckman). Had I voted I would have voted against the chairman's ruling.

Mr. LUCHKOVICH: I was paired with the hon. member for Lanark (Mr. Thompson). Had I voted I would have voted against the chairman's ruling.

Mr. DUPRE (Translation): I was paired with the hon. member for Joliette (Mr. Ferland). Had I voted I would have voted for the chairman's ruling.

Mr. BOULANGER: (Translation): I was paired with the hon. member for Dorchester (Mr. Gagnon). Had I voted I would have voted against the chairman's ruling.

[Mr. Rowe.]

CANADIAN NATIONAL—CANADIAN PACIFIC RAILWAY BILL

The house resumed consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific railway system —Mr. Manion—Mr. MacNicol in the chair.

Mr. BEAUBIEN: I think we were on section 2, which reads thus:

The provision of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts, but so that—

And then it goes on, referring to compensation for employees who are removed from one place to another, the Maritime Freight Rates Act and the statutes providing for specific or special freight rates, meaning I suppose the Crowsnest pass rates and things of that kind. If this clause is left as drafted it is going to override many other acts which should not be overriden in this way. For instance, the Canadian National Railways Act distinctly states that terminals and many other services of the railroads cannot be abandoned without an order of the railway commission. The Canadian National, especially with the powers given to the trustees under this bill, will be able to do many things that I do not think should be permitted. It might set aside the Industrial Disputes Investigation Act, and many other acts of parliament having to do with railway matters and services. I do not want to speak at length on the point, but I intend to move an amendment, which I will send to the Minister of Railways:

That all the words after the word "prevail" in the second line of section 2 be deleted and the following substituted: "when not inconsistent with the provisions of any other act."

The clause as amended would read:

The provisions of this act shall bind His Majesty and shall prevail, when not inconsistent with the provisions of any other act, but so that—

And then going on to (a), (b) and (c).

Mr. MANION: Mr. Chairman, I am sorry again to raise a point of order, but I must submit that this is entirely out of order, because to my mind it is a complete negation of the clause.

Mr. BEAUBIEN: Why would that put it out of order?

Mr. MANION: Because an amendment cannot be a mere negative. A negative is accomplished by voting against the section. An amendment may change words or some portion of the meaning but cannot completely

negative the proposal; that is expressed by simply voting against it. I do not know the rule, but I am sure the chairman will be able to find it. I should like to hear the rule read.

Mr. BEAUBIEN: When the minister introduced this bill he asked the cooperation of every member of the house, and in moving this amendment I am trying to cooperate. The Minister of Railways said he was willing to accept amendments. If we are going to have an appeal to the chairman on a point of order on every amendment we might just as well go home.

Mr. MANION: My hon. friend's reasoning is extraordinary. Neither he nor I can move amendments which are inconsistent with the rules of the house. I draw the matter to the attention of the chairman, not in order to oppose my hon. friend, but simply to point out what I think is the fact. It is not due to any lack of desire to cooperate. I will appreciate very much the cooperation of my hon. friend and his friends, but I take it the rules must be followed.

The CHAIRMAN (Mr. MacNicol): The hon. member for Provencher has moved an amendment to section 2, commencing with the first sentence. I will read the section:

The provisions of this act shall bind His Majesty and shall prevail—

And then the amendment is that the words following be deleted and the following substituted:

—when not inconsistent with the provisions of any other act—

I am advised that this amendment is not in order, on the ground that it is an expanded negative, a new clause. My authority for so ruling is paragraph 778 on page 223 of Beauchesne's Parliamentary Rules and Forms, which reads as follows:

In the commons all the clauses of the bill are considered before any new clauses are brought up and added to the bill. But this practice is not rigorously followed and the committee is generally guided by what is most convenient in each particular case.

In this case I rule that the proposed amendment is out of order.

Mr. MACKENZIE (Vancouver): May I discuss the point of order? Do I understand your ruling to be that the amendment as moved by my hon. friend is a direct negative of the section?

Mr. BENNETT: An expanded negative, he said.

Mr. MACKENZIE (Vancouver): I suggest with all respect that it is neither a negative nor an expanded negative. It is certainly an alteration, because the terms of the legislation as submitted by the minister "shall prevail over all inconsistent provisions of all other acts." The amendment moved by my hon. friend is:

—when not inconsistent with the provisions of any other act.

Surely that is not a direct negative; it is an alternative. The hon. Minister of Railways has the opportunity of voting this down, but I suggest with all respect that this is not in any sense a negative of the provision as submitted.

Mr. MANION: With all due respect I think it is a negative. I am in the hands of the chair. I have no particular desire to have it ruled out of order unless it is out of order. However, there are other reasons against it, apart from the rules of order—

Mr. MACKENZIE KING: On the point of order, there is no doubt the amendment does limit the resolution, but it does not negative it. It limits it by eliminating, to begin with, (a), (b) and (c).

Mr. BENNETT: No, he leaves those in.

Mr. MACKENZIE KING: No, they come out, he says.

Mr. BENNETT: No, that is the point, he said they were to stay in.

Mr. MACKENZIE KING: I did not so understand it.

Mr. BEAUBIEN: After receiving the advice which you were so good as to give me at the table, with the consent of the committee I will withdraw my amendment.

Amendment withdrawn.

Mr. BENNETT: The reason I suggested this was out of order was that the hon. gentleman proposes to leave in clauses (a), (b) and (c).

Mr. BEAUBIEN: I am going to amend those.

Mr. BENNETT: You are going to strike them out?

Mr. BEAUBIEN: With the consent of the house.

Mr. BENNETT: I warn the hon. gentleman that if he does that he will be destroying the object he is trying to achieve.

Mr. BEAUBIEN: I do not see how the Prime Minister can take that view. If the amendment I intend to propose is accepted, I believe I will attain the object I am trying to attain.

Mr. BENNETT: They are saving clauses.

Mr. BEAUBIEN: I move that the words "over all" in the second line of section 2 be struck out and that the words "when not" be substituted therefor and that clauses (a), (b) and (c) be struck out. Would that amendment be all right?

Mr. BENNETT: No. It would be necessary to add the words "with the" after the words "inconsistent." Subsection 2 would then read as follows:

The provisions of this act shall bind His Majesty and shall prevail when not inconsistent with the provisions of all other acts.

Mr. MACKENZIE (Vancouver): That is the way it is now except that the words "but so that" would be struck out.

Mr. BENNETT: It would be negative of what is desired to be achieved. The first provision of this section is, "The provisions of this act shall bind His Majesty." The next is, "shall prevail over all inconsistent provisions of all other acts." That is, where there are provisions that are inconsistent, this act shall prevail over all inconsistent provisions of all other acts. As has been pointed out, it is desired to preserve three things, whether consistent or inconsistent with the provisions of this act. They are:

(a) that part of section one hundred and seventy-nine of the Railway Act which relates to compensation of employees for financial loss caused to them by removal, closing or abandonment of any railway station or divisional point;
(b) the provisions of the Maritime Freight Rates Act; and
(c) the provisions of any statute of Canada which confirm any contract or enact or provide for any specific or special freight rate, toll or tariff or for the ascertainment of any one freight rate, toll or tariff by reference to any other and the making of deductions or allowances,

shall not be deemed to be inconsistent with the provisions of this act or to be in any manner affected thereby.

It will be observed that the section as amended would read:

The provisions of this act shall bind His Majesty and shall prevail when not inconsistent with the provisions of all other acts.

The rest of the section is struck out. There then would remain doubt as to the consistency or inconsistency of at least one of the three matters contained in the remainder of the section. The decision as to whether a provision is consistent or inconsistent is not quite as simple in a court of law as it seems to be in a committee of this house. This clause was framed with the idea of protecting beyond peradventure at least two of the three matters

[Mr. Beaubien.]

I have mentioned. The first is that of compensation to be paid to employees. It might well be that nothing in this act would be inconsistent with that provision, but in order that all doubt may be removed, it is specifically stated that this section is not intended to deprive any employee of compensation to which he may be entitled.

Mr. BEAUBIEN: Would the Prime Minister permit a question?

Mr. BENNETT: Yes, but will the hon. member wait until I finish? The next clause refers to the provisions of the Maritime Freight Rates Act. Obviously there is nothing inconsistent between this bill and that act but it is desirable that it should be made perfectly clear that that act shall survive. The provisions covered by clause (c) are so numerous that it is hardly necessary to mention them. We had one before the committee to-night in connection with contracts approved or ratified by the house. The special toll or freight rate obviously refers to the Crowsnest pass rates. If the legal members of the committee will look at this section they will see that it has been drawn with adroitness and skill and with the idea of making it clear that it shall prevail over all inconsistent provisions of all other acts, but it was provided that those enumerated should not be regarded as being inconsistent.

Mr. BEAUBIEN: Under the provisions of the Canadian National Railways Act a decision of the board has to be referred to the governor in council. If the bill passes as it is now, how would that provision be affected?

Mr. BENNETT: Clause (a) covers section 179 of the Railway Act.

Mr. MACKENZIE (Vancouver): I must respectfully take exception to the interpretation of the Prime Minister that the amendment would be a negative one.

The CHAIRMAN (Mr. MacNicol): There is no amendment before the committee.

Mr. BEAUBIEN: I move the following amendment to section 2:

That the words "over all" in line 7 be struck out and that the words "when not" be substituted therefor; that the words "but so that" and subsection (a), (b) and (c) be also struck out.

Mr. MACKENZIE (Vancouver): The amendment would read, "shall prevail when not inconsistent with the provisions of all other acts."

The CHAIRMAN (Mr. MacNicol): The committee has heard the amendment moved by the hon. member for Provencher.

Mr. MACKENZIE (Vancouver): I was discussing the point of order.

An hon. MEMBER: There is no point of order.

Mr. BENNETT: Yes. The effect of this proposed amendment is to negative these provisions as they now stand; that is all. I might again refer to the serious consequences that would follow; the loss of the Crowsnest pass rate is one consequence that would follow the adoption of this amendment. Moreover, the other provisions intended to be safeguarded by this act would be destroyed. I do not think the hon. gentleman desires to destroy the Crowsnest pass rate, but that it what he is doing.

Mr. BEAUBIEN: Is that the Prime Minister's interpretation of the amendment?

Mr. BENNETT: There is no doubt about it: "The provisions of this act shall bind his majesty and shall prevail when not inconsistent with the provisions of all other acts." Now there is nothing in this bill inconsistent with the Crowsnest pass rates act, and therefore it prevails; that is all. It is not an accident that this clause reads as it does. The hon. member says that these saving provisions should be inserted, and in order to protect from inconsistency the supremacy of this act, it is provided by (a), (b) and (c) that, with respect to them, they shall prevail whatever happens, and this act does not affect them, the reason being that the Crowsnest rate, the Maritime Freight Rates Act, and the provision with respect to compensation for the financial loss suffered by employees were three important matters which, after much consideration, it was thought should be saved, whether consistent or inconsistent with the provisions of this act.

Mr. BEAUBIEN: It saves those three, but it abolishes all the other acts.

Mr. MANION: No, it does not.

Mr. MACKENZIE (Vancouver): I find myself at variance with the opinion expressed by the Prime Minister. The difference between the amendment and the terms of the clause as it stands is this. Clause 2 as it now stands makes this act supreme over all inconsistent provisions of all other acts—

Mr. BENNETT: Except with respect to three.

Mr. MACKENZIE (Vancouver): I am coming to that, and then it specifically makes three exemptions referred to in (a), (b) and (c) of section 2. The intention, the purport and the effect of the amendment is to make this act prevail only where it is not inconsistent with other acts. In other words, there is not a single right that exists to-day in any other statute which is abrogated by this act, because it cannot prevail where it is inconsistent with the others. So that the effect of the amendment moved by the hon. member for Provencher is to safeguard not only the three exemptions that are specifically set out in section 2 of the bill but also many other rights. In other words, this bill shall prevail only where it is not inconsistent with the Crowsnest rate structure, with the Maritime Freight Rates Act, with the provisions in regard to compensation, or—and this is important—with a hundred other rights that may exist in a hundred other statutes. That is the intention of the amendment, and with all respect I must take exception to the point raised by the Prime Minister. I must take issue with his interpretation of the effect of the amendment proposed by the hon. member for Provencher. The intention of the amendment is to safeguard rights that now exist under all statutes; it is intended that Bill No. 37 shall prevail only where it is not inconsistent with rights and functions that already exist with respect to employees or companies or corporations or citizens under the various acts now existent and which might be affected by the terms of this legislation.

Mr. BENNETT: I do not think there is any doubt that that is the intention. The point of order I withdraw, but the effect of the amendment, if it were adopted, would mean the abandonment of this bill. The bill is abandoned if the amendment is accepted.

Mr. MACKENZIE (Vancouver): That is right.

Mr. MACKENZIE KING: It is true the bill is abandoned in part—

Mr. BENNETT: No, the whole thing falls.

Mr. MACKENZIE KING: As the clause is drafted, it necessitates parliament legislating wholly in the dark, because it declares that, notwithstanding all statutes which may exist on any subject whatever, if their provisions conflict with any section of this bill, those particular provisions shall not be considered. Let me illustrate. There is a statute known as the Industrial Disputes Investigation Act which deals for instance, with matters of dispute between employees and the railway companies. If this section is permitted to remain as it is, and it suits the convenience of the person, whoever he may be, who is interpreting this statute to say that the provisions of the Industrial Disputes Investigation Act are inconsistent with its provisions, out that statute goes, and, I venture to say, without

any intention on the part of this House of Commons to bring about any such effect. What should be done is for this particular act to amend by its provisions existing acts in such a way that the effect of the amendment will be self-evident, we would then be enabled to see how far we are overriding the provisions of other acts. We should not, however, have a clause that goes the length of obliterating provisions of statutes passed for a variety of reasons and which undoubtedly, were they known, this house would wish to safeguard. To make my point clear, I shall ask the minister this question to which I venture to say he will not be able to reply: Will he tell us what particular statutes and what provisions in those statutes are there that may be inconsistent with this bill?

Mr. MANION: I should not like to attempt to give a list of such statutes because I might omit some of them, but I will tell the right hon. gentleman that the statement he has made with reference to the Industrial Disputes Investigation Act is not correct because this would not affect it one particle. My right hon. friend is confusing inconsistent provisions with inconsistent statutes. He says that this would wipe out different statutes. It does not propose to wipe out statutes but inconsistent provisions. May I, while agreeing with what the Prime Minister has said, point out also one most important respect in which this act would be made nugatory if the amendment moved by the hon. member for Provencher should carry. This legislation provides for co-operation and it provides for tribunals in cases of dispute. These provisions do not exist in the Railway Act and therefore the provisions in the Railway Act which are inconsistent with the provision in this act with respect to tribunals and also with respect to the bringing about of cooperation will be prevailed over by this act. The Railway Act is not prevailed over by this act except in so far as certain provisions of the former are inconsistent with this legislation, and that is the only effect this has. If however the amendment of the hon. member were to carry, it would indisputably have the effect of rendering the rest of this act null and void, because you would not then have tribunals as provided for in part III of this bill. The hon. member for Vancouver Centre sees the point. You could not have tribunals under this act at all if the hon. member's amendment carried, inasmuch as they would be inconsistent with the Railway Act and therefore that act would prevail and nullify this one. May I point out to the committee that this legislation has been considered by many lawyers in the Senate, and as the Prime Minister has pointed out it was deemed advisable after careful study that with respect to these three acts which are specified here, namely, section 179 of the Railway Act which deals with the matter of compensation in the case of moving a terminal; secondly, the Maritime Freight Rates Act; and, thirdly, the Crowsnest Pass legislation, they should be specifically set out by way of exemption.

Mr. BURY: It may be that, in the language of the Scotch, I am slow in the uptake, but as I read the first clause in section 2 I am still of the opinion that the amendment moved by the hon. member for Provencher is a direct negative. The clause as it is in the bill reads:

> The provisions of this act. . . .shall prevail over all inconsistent provisions.

The hon. member wants this changed to read:

> Shall prevail when not inconsistent.

If this act is to prevail only when the provisions of other acts are not inconsistent, it surely cannot prevail over inconsistent ones. The effect of the amendment therefore is virtually to say: "The provisions of this act shall bind His Majesty and shall not prevail over inconsistent provisions of other acts." Is that not simply to introduce a negative in front of the word "prevail"? The clause as it stands, reads, "shall prevail over all inconsistent provisions." The proposed amendment in fact reads, "shall not prevail over any inconsistent provision."

Mr. BEAUBIEN: Is the hon. member speaking to a point of order?

Mr. BURY: Yes.

Mr. BEAUBIEN: There is no point of order before the chair.

Mr. BURY: The statement was made that the amendment was not a negative. In my opinion it is a distinct negative. May I call attention to another difficulty that, it seems to me, exists arising out of the proposed amendment? The clause as it now reads is that this act shall prevail over all inconsistent provisions. In other words, it makes this an overriding act. I do not have to search other acts to find out inconsistent provisions; I simply go to this act. Its provisions alone are relevant; the only relevant provisions of other acts are those that are inconsistent, and this measure provides that I do not need to bother my head about them. But if you insert the amendment which my hon. friend

is suggesting, what you are providing is this, that this act shall prevail only when the provisions of another act are not inconsistent. How, then, am I to know whether the provisions of this act are to prevail or not? I can ascertain that only by looking into all other acts to see whether there is in any of them any inconsistency with this act? I take this Railway Act and I cannot say whether upon a particular point it is the ruling, dominant act, because I am saddled with a condition which tells me that this provision may be of no use to me; that I must look at all the other acts to find out whether there may not be in them some inconsistency; and if I find some inconsistency in some other act, it overrules this. This will put a tremendous onus on people who are construing this legislation and will raise a great deal of difficulty concerning it; whereas as it now stands, it is quite simple. The clause makes this act rule, and you have not to consider anything but its provisions.

Mr. ELLIOTT: Is there any point of order before the Chair?

The CHAIRMAN (Mr. MacNicol): No. The committee has heard the amendment and I presume it is now ready to decide the question.

Amendment (Mr. Beaubien) negatived.

Mr. MANION: I should have moved a minor amendment in regard to paragraph (c) of section 2, which reads:

> The provisions of any statute of Canada which confirm any contract or enact or provide for any specific or special freight rate, toll or tariff—

I wish to have an amendment moved by one of my colleagues for the removal of the rest of the words of that paragraph, because they are unnecessary—that is, the words following the word "tariff" in the eighteenth line, to the end of the paragraph, will be dropped.

Mr. POWER: May I ask the minister whether he knows what was in the minds of those who drafted this bill when they added the words which he now wishes to strike out and which read:

> Or for the ascertainment of any one freight rate, toll or tariff by reference to any other and the making of deductions or allowances.

Surely the persons who drafted this bill had something in mind when they added those words which the minister now wishes to strike out.

Mr. BENNETT: The point is simply this: the Crowsnest Pass legislation, as is known, dealt with certain commodities that were to bear certain rates. There are rates that have been fixed by reference to that particular act and the question was whether they were adequately covered by the provisions of this measure. These words were added to make this abundantly clear. The minister is satisfied that these words are unnecessary, having regard to the interpretation to be placed on the other portions of the act. If, on the other hand, the committee thinks there is any doubt about the matter, these words should remain.

Mr. MANION: I have no objection to their remaining. I still adhere to the opinion there is no necessity for the words, but as they do not do any particular harm, they may remain.

Mr. POWER: I am not objecting; I only want an explanation and I am satisfied with the one given by the Prime Minister.

Mr. MANION: Those who drew up the original bill thought the words were advantageous for some reasons I do not know. When we studied the bill in this house, we considered the words unnecessary and after we had discussed the matter with those who drew up the original bill, they agreed. But as my hon. friend and my leader, who are lawyers, consider there is some doubt, and as these words are merely redundant, there is no objection to their remaining.

There is a certain amendment in regard to the word "or" which should have been placed in subsection 2 of the same section. Paragraph (a) of section 2 reads:

> Any manufacturing, land, mining or ocean marine company, undertaking, property, work or service—

The word "or" should be inserted there, to make the bill more complete.

Mr. DUPRE: I move that.

Amendment agreed to.

Mr. GRAY: Before section 2 passes the committee, I should like to say a few words in connection with it and to add another saving clause.

The CHAIRMAN (Mr. MacNicol): Is the hon. member now discussing section 2, subsection 1?

Mr. GRAY: Yes. In my opinion this is a dangerous section. It may be designed to and it certainly will relieve unemployment among the members of the legal profession, because from now on we shall have plenty of work deciding what is consistent and what is not. I suppose as a lawyer I should be in accord with that part of the provision. It

seems to me, however, that we are going a long way when we enact legislation such as section 2, subsection 1, saying that this act shall prevail over all inconsistent provisions of all other acts. I am sorry at the attitude taken with respect to the amendment moved by the hon. member for Provencher. There come up in the house almost every year private bills in which special provisions are inserted that certain sections are to prevail so long as they are not inconsistent with, for instance, the Companies Act. The bill under consideration is in its nature a railway act, and in many private bills we have special provisions that the Railway Act, so far as it is not inconsistent with the bill at the time under discussion shall prevail. What the hon. member for Provencher is trying to do by his amendment, and what we are trying to do is to see that all this legislation which has been passed and has withstood the test of time shall not simply be wiped out by Bill A, No. 37, introduced by the Minister of Railways into this house. But now that we have been told that this thing is going through as it stands, I hope that I may have some better success than has been accorded to my hon. friends who have already moved amendments. I am hoping that mine may be one of those of which the minister was thinking when he said on the second reading that he would welcome amendments. I am hoping that my amendment to add to the saving clauses will be accepted. By the way, I am wondering just when those saving clauses came to the minds of those who framed this bill. I am told, for instance, that certainly paragraph (a) had not been thought of by the framers of this bill when it was introduced into the Senate, and I think I am on safe ground when I presume that pargraphs (b) and (c) had not been thought of when this bill was introduced. I think I am almost safe in saying that this bill when it was first drafted simply read, so far as section 2 is concerned:

> The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts.

I think I am safe in that supposition. Then there came a doubt; there came pressure. "we must make certain". I commend my maritime friends for their insistence on matters of this kind. They have made certain that the Maritime Freight Rates Act will not be made inconsistent with the provisions of this act, and that there shall be exports through Canadian ports, as is provided by subsection 2 of section 14. Someone else suggested that we must make sure that the members of the various railway organizations be protected. And so in a great gesture paragraph (a) was inserted as a saving clause. I wonder if hon. members know how far that paragraph (a) does go in the protection of railway employees in the light of further provisions of this act and in the light of what we know is happening and will happen in respect to the laying off of railway men in this country. Paragraph (a) refers to section 179 of the Railway Act which is chapter 170 of the revised statutes of 1927, which provides for compensation. Section 179 of the Railway Act provides that where there is a change,

> The company shall compensate its employees as the board—

Meaning the Board of Railway Commissioners.

> —deems proper for any financial loss caused to them by change of residence—

Change of residence only.

> —necessitated thereby.

Suppose terminals are closed and men are dismissed, as I submit they are going to be wholesale, then section 179 of the Railway Act and this saving clause (a), which hon. gentlemen opposite boast of having put in. is absolutely worthless to the employees of the Canadian National Railways.

If we are going to start putting in saving clauses, let us stop right here at section 2 until we have gone through all the various acts which have been passed and which have withstood the test of time, and see whether any of their provisions are inconsistent with the provisions of this bill. The minister says: I cannot tell you how many such there are. That is going to be a very interesting question. Let us pause before we legislate in this house for the future by a bill as drastic as this. In order to show the absurdity of having a provision of this kind, having simply saving clauses (a), (b) and (c) and not going on and inserting saving clauses (d), (e) and (f), and so on, I am going to move an amendment to add one other saving clause. I could add a dozen, but I am going to move to add only one simply to show what the minister is getting into and what we may expect for the future of this bill. The amendment I am going to move is with respect to section 23 of the present Canadian National Railways Act, which I say is entirely inconsistent with the powers given to the trustees under this bill. I say now, as I said on the second reading, that under this bill the trustees are permitted to allow lines to be abandoned without any regard to parliament, without any regard to the Board of Railway Commissioners, without any regard to the governor in council. If the bill means anything, certainly that is what it is intended to mean. It was to give

the board of trustees this power without any regard to the Board of Railway Commissioners or the governor in council or parliament.

Let me read section 23 of the Canadian National Railways Act, not the Railway Act to which the minister referred a few moments ago in speaking to one hon. member. The Railway Act proper is chapter 170 of the statutes of 1927, but the Canadian National Railways Act, as the minister well knows, is a special act that was passed in 1920, at which time the Canadian National as we know it was created. It deals with the appointment of directors, the powers of directors, and matters of that kind. Section 23 of that act, being chapter 172 of the statutes of 1927, has this marginal note: "Power to abandon line, and dismantle or dispose thereof by consent," and reads as follows:

23. With the approval of the governor in council, and upon the recommendation of the Board of Railway Commissioners, the company may abandon the operation of any lines—

I draw attention to that, that it must be with the approval of the governor in council:

—or parts of lines of railway and incidental works, the operation or continued maintenance whereof has, in the opinion of the Board of Railway Commissioners, become unnecessary or inexpedient through duplication—

That is exactly what we find to-day, and the minister has pointed out, and in many cases rightly so, that these duplications make for certain abandonments. which is quite true:

—or other economical considerations;

The very tenor of this bill.

—and with the consent of a majority in value of the registered security holders affected may dismantle or dispose of the lines of railway or works so abandoned.

I think I should also read subsection 2 of section 23, in order that it may be a matter of record. It deals with the consent of the security holders for such abandonment, and reads, the consent having been referred to just prior to that in subsection 1 of section 23:

Such consent may be given by a majority in value of the registered security holders present at any meeting, in person or by proxy, called by the president of the company, to be held at any time or place stated by him, on notice in writing sent by registered mail to all of the registered security holders at least one calendar month before the date of the meeting; or may be given by a majority in value of the registered security holders by written consents filed with the company upon a circular stating the facts being sent by registered mail to all of the registered security holders.

It is interesting to note that when this section was discussed in the house at the time the original Canadian National Railways Act was considered in the House of Commons in 1919—many hon. members, including the minister himself, were in the house at that time —the gentleman piloting the bill through the House of Commons, now the leader of the government in another place, then acting Minister of Justice, had this to say with respect to section 23. Someone had raised the point with respect to the security holders, and the whole debate turned on many of the subject matters that we are now considering, namely, the control by parliament over matters dealt with in the legislation that was then being considered—and by the way the government had eventually to put closure on in order to pass that particular bill. It had been suggested to Mr. Meighen, then Acting Minister of Justice, that clause 23 was a far-reaching clause, and he replied, as reported in Hansard of 1919, volume 2, page 1709:

In so far as the security holders are concerned, their consent is obtained, but their security is not lost. This would only be a small part of their security that would be dismantled and abandoned, and they would see the wisdom of adopting that course and would consent accordingly. Inasmuch as the whole idea of this measure is the joining together for operating purposes of lines that were formerly under several managements, there will presumably be cases of duplication that may be cut out without injury to the public, and the intention of this section is to provide that that may be done.

Then, let me call the attention of the minister to this part of Mr. Meighen's speech:

The Board of Railway Commissioners is entrusted from the point of view of public convenience and safety with deciding what is necessary and what is not in the way of service. Consequently that is the tribunal, it seems to me, to which resort should be had to determine whether any small part or branch is a duplication or for other reasons may be abandoned.

Those are the words of the right hon. gentleman who introduced and piloted this present bill through the Senate only a few weeks ago. I submit that we should hesitate before we place in the hands of trustees, I care not who they may be, this power which up to the present has been exercised only after careful consideration by the Board of Railway Commissioners, with the governor in council as the final body to whom appeal may be taken from a decision of the board, we should hesitate before we take out of the hands of these men control of abandonments which would be to the detriment not only of eastern Canada but of western Canada as well, where lines have been built, and around which community centres have grown up. If, as the Prime Minister has said, this is a saving clause, then let us add another to (a), (b) and (c) which will save the rights of these branch lines and community centres, and

which will protect those who have gone into new communities, and not place them at the mercy of trustees who think only of dollars and cents and not of the welfare of the community as a whole. With that in mind I beg to move the following amendment to the bill:

That section 2, subsection 1, be amended by adding thereto a clause to be lettered (d) "and the provisions of section 23 of the Canadian National Railways Act, 1920."

Mr. MANION: The hon. member has elaborated the point of his amendment, but I should like him in a few words to state his meaning. I do not suggest that he has confused the issue, but I should like to have explained to me the object of the amendment he has proposed.

Mr. GRAY: I am glad the minister is not the judge before whom I sometimes appear, because if he were I am afraid I would not win many cases. I am attempting to show to the minister that I want to preserve what is contained in section 23 of the Canadian National Railways Act, so that the board of trustees to whom he is giving all these powers shall not be able to go out and abandon lines, considering only the dollars and cents, without there being someone to whom we as members of parliament and, if you like, shareholders of the Canadian National Railways can go. Under section 23 the abandonment of a line must first have the approval of the Board of Railway Commissioners, and then on the recommendation of the board the governor in council are for the time being directors acting on behalf of the people—I care not what you call them—the cabinet of this country. Those directors come into their places and we the shareholders can rise in our places and condemn or approve the abandonment of those lines. I know the minister will be fair in the matter, and I plead with him not to pass this section until he provides for that safety with respect to the abandonment of lines.

Mr. MANION: Mr. Chairman, to deal instantly with an amendment such as the hon. member has just moved, and apparently to which he has given considerable thought, is difficult. However, may I offer one or two suggestions to him? In the first place, so far as section 23 of the Canadian National Railways Act is concerned—and I am giving my interpretation only as a layman, because as he knows I am not a lawyer—the section will remain to a large extent in force, with the exception that the trustees will act in the place of the directors. So far as the abandonment of lines is concerned I have this to say: Suppose under the present bill the Canadian National wished to abandon some portion of its territory, irrespective of the possibility of any cooperative measures, the trustees would still have to come before the Board of Railway Commissioners and obtain consent. But suppose it were dealing with the Canadian Pacific Railway, and the change was being made for cooperative purposes, if there was any objection made by either of the companies an arbitral tribunal would be set up. Even then the arbitral tribunal would not have the power to carry out a cooperative measure unless the chairman of that tribunal agreed with the measure. And hon. members must bear in mind that the chairman of the arbitral tribunal is the chairman of the Board of Railway Commissioners.

Mr. GRAY: I do not wish to interrupt the minister's line of thought, but may I point out to him that in addition to the powers given to the directors as outlined in the Railway Act, he must take note of subsection 6 of section 9 of the bill, which reads that:

(6) No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty—

And I presume His Majesty in this instance means the governor in council, if it means anything. Certainly it must mean parliament, but let us assume for the sake of argument that it means governor in council. Let me proceed with subsection 6:

—or that of any other shareholder of any company to which this section applies.

The section referred to is that which transfers to these trustees the powers of the directors of the Canadian National Railways as they obtain under the Canadian National Railways Act.

Mr. MACKENZIE (Vancouver): I agree with the hon. member who has just spoken, and I am sorry I cannot follow the argument of the minister in connection with the bill. He said the trustees will still have to go before the Board of Railway Commissioners in regard to the abandonment of branch lines. I cannot find provision for such procedure.

Mr. MANION: I refer to the abandonment of services. The directors have to go to the board at the present time.

Mr. MACKENZIE (Vancouver): Yes, but they are being abolished. You are appointing a board of trustees.

Mr. MANION: Under the Railway Act the board of trustees would not be able to abandon services to any greater extent than they are abandoned at the present time.

Mr. MACKENZIE (Vancouver): But there is no safeguard in this legislation. That is what the hon. member is stating, and that is the condition we wish to guard against in the amendment submitted. I think the minister confuses the trustees with the arbitral tribunal. The arbitral tribunal has nothing to do with the point raised by the hon. member for West Lambton. They come into play only when there is a dispute between the two railway systems. In this legislation the government is seeking to appoint what may be known as an arbitral board of trustees. They are given sweeping powers whereby they are not subject to the approval of the governor in council. They could abandon branch lines without going before the Board of Railway Commissioners, without going before the governor in council or before this parliament.

Mr. MANION: The hon. member referred to subsection (6) of section 9. I call to his attention the fact that in subsection 2 of section 9 page 6 of the bill we find the following:

The trustees shall and may thereafter, subject to the provisions of this act, have and exercise all the powers, rights, privileges and immunities, and perform and be subject to all the duties, responsibilities and restrictions, which now appertain to the board of directors of the national company.

Mr. GRAY: Mr. Chairman, if the minister will agree here and now to the deletion of subsection 6 of section 9 I might consider the withdrawal of my amendment.

Mr. MANION: I believe we should deal with subsection 6 of section 9 when we come to it.

Mr. GRAY: I did not raise the question with regard to that section.

Mr. MANION: Yes, my hon. friend did raise it a moment ago. We should deal with subsection 6 of section 9 when we come to it, not under section 2.

Mr. MACKENZIE (Vancouver): The point applies equally to the minister, who has just dealt with subsection 2 of section 9. May I reread part of it:

The trustees shall and may thereafter, subject to the provisions of this act, have and exercise all the powers, rights, privileges and immunities. . . .

These are new powers which the directors never had under the Canadian National Railways Act. You are giving them powers apart from the governor in council, apart from parliament, and without any limit whatever. Subsection 2 is subject only to the provisions of this act. There is no comparison whatever between the powers of the trustees under this act and the powers of the directors under the old Canadian National Railways Act.

Mr. MANION: I think my hon. friend should read all of it, not merely part of it.

Mr. BENNETT: May I say a word, Mr. Chairman? I do not desire to trespass upon the time of the committee, but I am amazed at some observations that have been made. That, of course, may be because I have been unable to grasp the situation as it has been presented. Section 9 provides that—

When the governor in council shall proclaim in the Canada Gazette that he has vacated all nominations to the board of directors of the national company and has appointed trustees as by section 4 of this act provided the said board shall cease to exist—

That eliminates the board.

—and, by force of this act and without more, the direction and control of the national company and its undertaking shall be vested, subject to the provisions of this act, in the trustees.

That is the substitution of the trustees for the directors. Then follow the subsections to which attention has been directed, by which it is perfectly clear that the trustees are clothed with wide powers additional to those they may exercise by virtue of succeeding the former board of directors. But will the committee be good enough to look at subsection 4 of the Caandian National Railways Act? It says:

(4) The National Act and all statutes, charters, letters patent and orders in council of Canada which relate to any of such companies in Canada shall, in so far as they may be inconsistent with the provisions of this section, be read in the light hereof and be construed so as to conform herewith.

Mr. MACKENZIE (Vancouver): That is right.

Mr. BENNETT: That makes it perfectly clear that the Canadian National Railways Act, so far as it is possible to read that act with this, must be read to conform with the provisions of this measure, letter A of the Senate, Bill No. 37. If the hon. gentleman will examine with a little more care the provision at the top of page 7 of the bill, subsection 6, of section 9, having given evidence of his astuteness as a lawyer he will realize that that subsection does not deal with orders in council, has nothing to do with orders in council. The shareholder of all the national railways is His Majesty, in the right of the dominion, and he is registered as such. It will be observed that inasmuch as you have to appeal to the shareholders under the pro-

visions of some statutes, and inasmuch as His Majesty is a shareholder, when it says—

No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

—that means His Majesty qua shareholder—not the governor in council, not the cabinet, not anything else except His Majesty as a shareholder. The crown is the shareholder of the Canadian National at the present moment, and it shall not apply to His Majesty or to any other shareholder, that is the half dozen people who have been selected for the purpose of constituting quorums and matters of that kind. That is the reason that provision was put there. I think the hon. member for West Lambton will remember the rule of law, ejusdem generis. Here you have the words, "His Majesty or any other shareholder," the words "His Majesty" mean His Majesty as a shareholder or any other shareholder. Under the general rule affecting railways as provided by the Railway Act and other statutes you have to call a meeting of shareholders to deal with certain matters that the directors have set in motion, their power being to set the machinery in motion. This subsection merely provides that no appeal is necessary to the shareholders. Neither the consent of the crown in the right of His Majesty is required, nor that of the other shareholders of the company. That is all it means. As I read section 23, to which the hon. gentleman has referred, there is nothing in the bill inconsistent with this section. As far as I am concerned at the present moment, without looking at it in more detail, section 23 is unaffected by this legislation. It has not yet been pointed out in what sense it is affected. Just let us look at it:

With the approval of the governor in council, and upon the recommendation of the Board of Railway Commissioners, the company may abandon the operation of any lines or parts of lines of railway and incidental works, the operation or continued maintenance whereof has, in the opinion of the Board of Railway Commissioners, become unnecessary or inexpedient through duplication, or other economical considerations;—

As I see it at the moment there is no inconsistency between the two; this section in its force and vigour is retained. Nothing that has been said this evening, no reference that has been made to the statute affords a reason for changing that view. The supreme purpose of the statute is not to take from the security holders any powers they possess or any rights they enjoy, but rather to say, as this act has said, that unless they consent to action being taken the action cannot be taken. After all, as I said the other day, although an endeavour was made by many people to have it misunderstood, the equity of redemption in these roads is all that we have, and inasmuch as they were built without a single dollar of capital being put up other than that represented by the securities, the non-payment of interest on the securities put them in the defaulting class had it not been for the guarantee given by the Dominion of Canada. That guarantee is what saves them from receivership, and the trustees in this case are merely trying to preserve the rights of the security holders who really built the roads in question on the bonds guaranteed by the dominion. There never was, although it was hoped there would be, any value in the equity of redemption; there is none now. As far as this section of the statute is concerned I see nothing at the moment that would induce me to believe, unless I hear arguments more powerful than I have yet heard,—and I do not reflect on the power of the arguments made—that there is any inconsistency between that provision and section 23.

Mr. MACKENZIE (Vancouver): If that were the effect of this provision there would be no trouble at all so far as the amendment is concerned, and if the right hon. gentleman will accept the spirit of the amendment of the hon. member for West Lambton I think all on this side will be satisfied. The Prime Minister cited subsection 4, which exactly proves the contention of the hon. member for West Lambton. The Canadian National Railways Act, and all statutes, and so forth, which relate to any such companies, shall, in so far as they may be inconsistent with the provisions of this section, be read in the light hereof and be construed so as to conform herewith. What does that mean? It means where there is any inconsistency between the Canadian National Railways Act and Bill No. 37, the Canadian National Railways Act must be subsidiary to the provisions of this bill.

Mr. BENNETT: The hon. gentleman has just made one mistake. If he will look at subsection 4, he will observe that the inconsistency must be "with the provisions of this section," and that is the section which substitutes the trustees for the directors. I am sorry the hon. gentleman should think that the inconsistency must be with the act; it deals only with the trustees, and the substitution of them for the directors. Any inconsistency between the Canadian National Railways Act and this—and there are many—must be read in the light of this section.

Mr. MACKENZIE (Vancouver): Section 9 gives the trustees certain powers. In the first place, it abolishes the directors and, in the second place it constitutes the trustees. The powers of the trustees are practically set out in this section 9.

Mr. BENNETT: Will the hon. member look at section 3?

Mr. MACKENZIE (Vancouver): I have read that. I am now referring to the subsection which the Prime Minister read, subsection 4. There may be inconsistencies with the provisions of the section which confers the powers upon the board of trustees which is to take the place of the board of directors created by the Canadian National act. Let us now consider subsection 6, also referred to by the Prime Minister. This reads:

> No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

It is not material whether this refers to His Majesty in the capacity of a shareholder or in any other capacity, the effect of the subsection is that His Majesty has no control over any order, any regulation, any by-law, any act, any decision or any proceeding of the trustees which is being set up under section 9. That is the fundamental and vital difference between this bill and the Canadian National act. A board of trustees is being substituted for the old board of directors and the trustees are given powers which the directors never had. The directors were always subject to the governor in council and there is not a single clause in this bill which subjects the board of trustees to the dictates of the governor in council. Their acts cannot be discussed even by parliament. There is no comparison between the powers granted to the trustees under section 9 and the powers granted to the board of directors under the Canadian National act. Subsection 4 of section 9 specifically states that where the provisions of the Canadian National act are inconsistent with the provisions of this section, then the provisions of the act shall be of no avail. It is intended that this bill shall override the provisions of the Canadian National act. That has been our fight all along. As I stated on the second reading of the bill, it means the abandonment of government control and government ownership of the Canadian National railways.

Mr. POWER: I should like to add a word or two to the argument of my hon. friend from Vancouver. If the argument made by the Prime Minister is sound, surely he would have no objection to stating in the bill that section 23 of the Canadian National Railways Act shall not be deemed to be inconsistent with the provisions of this bill or to be in any way affected thereby. There seems to be some dispute between those who believe they are capable of interpreting the meaning of this bill, and its provisions should be made clear. Apparently a similar dispute arose in the other house in connection with the provisions of the Maritime Freight Rates Act, and in order to make it quite clear subsections (a), (b) and (c) were inserted. As I understand it, there is no difference between hon. members on either side of the house in connection with the principle that before any branch line or section of road shall be torn up someone other than the trustees whom we have set up shall pass upon the action, that the human element shall be taken into some consideration and that responsibility shall be placed upon the shoulders of someone other than this irresponsible board of trustees. I submit that this matter could be easily settled by the government accepting the amendment of the hon. member for West Lambton.

Mr. MANION: In connection with section 23 of the National act, I still adhere to the position that where the trustees decide upon the abandonment of any branch line or service, they would have to appeal to the Board of Railway Commissioners just the same as the directors must appeal.

Mr. MACKENZIE (Vancouver): Where is that?

Mr. MANION: The Railway Act still applies except those sections which are inconsistent. That section is not inconsistent. Another point which I should like to bring out is that if section 23 were put into the present bill as proposed by the hon. member for West Lambton, the arbitral tribunals would be rendered useless. There will be times when an arbitral tribunal will meet for the purpose of deciding whether a branch line shall be abandoned or a joint service inaugurated.

Mr. GRAY: I am hopeful that the tribunal will be the Board of Railway Commissioners.

Mr. MANION: That is another matter. I take the position that section 23 of the Canadian National Railways Act, while perhaps not completely, will be to a large extent still in operation even after this bill goes into effect. I differ from my hon. friend from Vancouver Centre. If that section were included in this bill it might and I think it would interfere with the power of the tribunals in dealing with cooperative abandonment of certain branch lines or the decision to operate

a joint service or something of that sort. I do not think the amendment of the hon. member for West Lambton should be accepted.

Mr. ELLIOTT: It has been intimated that we are agreed on both sides of the house that no branch lines shall be scrapped without the trustees having to appeal to the Board of Railway Commissioners. If the minister accepts that view, surely we could agree upon some clause which would make it absolutely clear.

Mr. MACKENZIE (Vancouver): Apparently the Prime Minister and the Minister of Railways are not in agreement as to the effect of this amendment. The Prime Minister has stated that there is sufficient provision in this bill to safeguard what my hon. friend wants to obtain by his amendment. The Minister of Railways tells the committee that he is afraid of the effect of including a safeguarding clause in the bill which would retain the provisions of section 23 of the Canadian National act. The minister is afraid that such a section would disturb the functions of that august and majestic arbitral tribunal. I suggest that there is nothing in the amendment which would hinder the work of the arbitral tribunal; it would mean that the consent of the governor in council would have to be obtained to whatever was proposed by the private and national systems in connection with the abandonment of lines. We want to safeguard against the wholesale slaughter of branch lines throughout Canada without parliament having a single word to say. I repeat what I said before: This is a final abdication of the principle of democratic control and ownership of the Canadian National system. The Prime Minister says we are not losing that and the Minister of Railways says we are. The minister has stated that if this amendment is added to the bill it will interfere with the work of the tribunal. The Canadian National and the Canadian Pacific railways might agree among themselves that the abandonment of a branch line would be in the interests of economy. Cooperation by direction is covered by part II of the bill, and cooperation by compulsion is made possible by part III. I ask the minister to show me one clause or one sentence in this bill which will give us the right asked for by the hon. member for West Lambton, that section 23 shall be preserved for the people of Canada in the legislation we are now considering.

Mr. MANION: I do not know offhand that I can show my hon. friend the section, but I still maintain that the trustees are in exactly the same position with regard to the abandonment of lines as are the directors under the legislation which exists at the moment. Dealing only with section 23 of the Canadian National act, I say that the trustees will be in exactly the same position in having to go before the board as the directors are now. That is my claim.

Mr. MACKENZIE (Vancouver): Will the minister show me where that appears in the act? I understood him to say that the trustees were in the same position as the directors of the Canadian National Railways in regard to obtaining the consent of the governor in council—

Mr. MANION: I did not say that.

Mr. MACKENZIE (Vancouver): I understood him to say that the board of trustees under this legislation was in exactly the same position as the directors of the Canadian National Railways under the Canadian National Act and I submit that that is not so. Even though the minister may find some section here which I cannot find, which might make it desirable for the trustees to go before the Board of Railway Commissioners, there is nothing in this legislation that makes it necessary for them to obtain the consent of the governor in council in regard to the abandonment of a single branch line.

Mr. MANION: I am informed by the legal advisers that there is nothing in this act that takes away reference to the governor in council so far as the trustees are concerned.

Mr. MACKENZIE (Vancouver): Then will the minister agree to the representations made on this side of the house to have a specific clause inserted that will maintain the right of endorsation by the governor in council.

Mr. BENNETT: There should be certain fundamental principles to apply to the case. First, if I followed the hon. gentleman fairly, and I think I did, let me ask: Where in this bill do you find any section that provides that section 23 of the Canadian National Railway Act does not apply?

Mr. MACKENZIE KING: In what the Prime Minister has said this evening with regard to subsection 6 of section 9, he gives an entirely different interpretation of the measure from that which all of us on this side of the house had given it up to the time he spoke. If he wishes to be understood in the light of what he has just said, I will say at once that many of the objections which we have to the measure are removed; we want, however to have the point made perfectly clear. As

we have understood the subsection up to the present time, we have taken it to mean that all provisions in the former act, which require consent on the part of the governor in council to certain actions by the trustees, were being wholly removed, and that no order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty. We were reading that in absolute terms as referring to all acts—any act of the trustees. As I now understand it the Prime Minister interprets the section as follows: No order, regulation, by-law, act, decision or proceeding of the trustees, in so far as it relates to this section and this section only, shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

Mr. BENNETT: That is not what I said. I desired to convey to the committee this meaning: that His Majesty, here, was referred to as a shareholder—"or that of any other shareholder"—and that the rule ejusdem generis applies, namely, that where you have the words "His Majesty" they must mean His Majesty as a shareholder, because that is clearly what is meant. All our legislation is based on the assumption that the shareholders must express their approval. For instance, in the Canadian National Railways Act there is a list of several pages of companies—a page and a half—to which it applies; and under the general law, whenever certain acts or by-laws have to be made effective, the shareholders must be called together to give approval. Now, we have provided in subsection 6 that no order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

Progress reported.

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

Monday, April 10, 1933

The house met at three o'clock.

OFFICIAL REPORT OF DEBATES

EXPUNGEMENT OF OBJECTIONABLE STATEMENTS FROM THE RECORD

Mr. SPEAKER: On Friday, April 7, the right hon. the leader of the opposition raised the point that the house having control of its own records, the house should, before any statements are expunged from the official report of the debates, pass a resolution to that effect, and he submitted that the Speaker being the servant of the house in this, as in all matters, the house itself should determine whether anything is to be deleted from any of its records.

In the case in point, the first opportunity I had of fully understanding the words complained of was when I saw the official report, and since I should have ruled them out when they were uttered I consider I was justified in ruling them out from the chair as soon as the house sat again. I agree that in dealing with Hansard the Speaker's authority is subject to the approval of the house.

Instructions for any alteration in the official report of the debates should not be given without communicating them to the house in session, and for this reason, whenever I have deemed it advisable to direct that certain statements be expunged, I have done so from the chair, thus giving a ruling which, under standing order 12, is subject to an appeal to the house. I have followed the precedent established by one of my predecessors who, on April 6, 1925, decided that an answer given by the government should be expunged, and he did so in the following words:

> I therefore rule that the answer be expunged from Hansard, and if the question is put again, a distinct answer should be given.

I have dealt with all such cases as questions of order subject to the ordinary rules of parliamentary procedure.

PETITIONS PRESENTED

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Mr. Speaker, under standing order 68 I have the honour to present four petitions addressed to the House of Commons endorsed, as required by paragraph 5 of the same standing order, by myself.

The first is from the electors of the parish of Notre Dame du Portage, in the county of Témiscouata, protesting against the proposed annexation of that parish to the county of Kamouraska.

The next is a petition from the electors of the town and parish of Trois-Pistoles, in the county of Témiscouata, containing the signatures of several hundred people, protesting against its annexation to the county of Rimouski.

The next is a petition of the parish of Sainte-Françoise, in the county of Témiscouata, protesting against its annexation to the county of Rimouski.

The next is a petition from the parish of Saint-Jean de-Dieu, in the county of Témiscouata, protesting against its annexation to the county of Rimouski.

There are in all, on these petitions, about 992 names, mostly of heads of families.

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I desire to lay on the table of the house certain orders in council passed pursuant to the relief legislation.

WASHINGTON CONFERENCE

ACCEPTANCE OF INVITATION TO THE PRIME MINISTER TO MEET PRESIDENT ROOSEVELT

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): As a matter of public interest, if the Prime Minister would not regard me as unduly inquisitive, may I ask if he has received an invitation from the President of the United States to meet him in Washington to discuss international problems, and if so, whether he intends to accept the invitation in person?

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the answer to both questions is in the affirmative.

Mr. MACKENZIE KING: May I ask my right hon. friend one further question? Does he intend to pay the visit during the Easter recess, if that is not asking too much?

Mr. BENNETT: I am not in a position to answer that question definitely, but at the moment I would say no.

SINO-JAPANESE DISPUTE

SPEECH DELIVERED BY THE SECRETARY OF STATE AT GENEVA TO BE DISCUSSED

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): In view of the extensive and somewhat conflicting press references to the speech delivered at Geneva by the Secretary of State, may I ask if the house will be given a definite statement of policy with regard to that question at an early date?

Right Hon. R. B. BENNETT (Prime Minister): I do not think there is any necessity of saying anything further than has already been said with respect to that particular matter. I had no notice that such a question was going to be asked, but I might add that when the estimates are under consideration an ample opportunity for discussing the matter will be given in fairness to the Secretary of State, who has not yet had the opportunity, and I trust that he will avail himself of it.

GRAIN COMMISSION REPORT

On the orders of the day:

Mr. J. L. BROWN (Lisgar): May I ask if the Minister of Trade and Commerce has received the report of the Board of Grain Commissioners for the crop year ending July 31, 1932, and if so, whether it will soon be available to the house?

Hon. H. H. STEVENS (Minister of Trade and Commerce): I will answer my hon. friend's question definitely to-morrow.

CIVIL SERVICE SALARIES

On the orders of the day:

Mr. W. F. GARLAND (Carleton): May I ask if it is the intention of the Minister of Finance to have voted a proportion of the estimates in order to provide for the salaries of the civil service which are due on the fifteenth of this month?

Hon. E. N. RHODES (Minister of Finance): I propose in the course of the afternoon, as soon as we reach government orders, to ask for interim supply.

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

On the order:

The house again in committee on Bill No. 41, an act to incorporate the Sarnia-Port Huron Vehicular Tunnel Company (as amended).—Mr. Gray.

Right Hon. R. B. BENNETT (Prime Minister): I would like to suggest to the hon. member that he have the bill as it has now been amended after a conference with the officials of the Department of Justice reprinted before we proceed with it, because as it now stands it would be almost impossible for anyone to understand the various amendments which have been made if they are simply pasted on to the original. I think the bill should be reprinted. It is not a matter of very great expense, and I think it should be done.

Mr. GRAY: I shall be glad to comply with the wishes of the Prime Minister.

Order stands.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

STALLION INSPECTION

Mr. COOTE:

1. What was the total cost to the government for the year 1932 for stallion inspection in each of the three provinces of Manitoba, Saskatchewan and Alberta?
2. Who were the inspectors, and what was the amount of wages paid to each inspector during the year 1932?
3. What were the expenses of each inspector?

4. What number of stallions passed inspection?

5. What was the total amount of bonuses paid to stallion owners during that period?

Mr. WEIR (Melfort):

1.

Manitoba	$ 3,482 36
Saskatchewan	9,821 72
Alberta	3,518 09
Total	$16,822 17

2 and 3.

Dr. Chas. Head	$ 1,476	$ 2,310 51
Wm. McKirdy	1,386	873 35
Dr. J. A. Sinclair	774	1,557 13
Dr. C. K. Geary	1,341	1,974 87
Col. J. J. Fry	1,107	808 37
Arch. McAlister	1,062	2,151 94
	$ 7,146	$ 9,676 17

4. Out of 1,437 stallions examined, 291 were approved.

5.

Grants and bonuses paid to date	$68,140 90
Outstanding approximately	12,700 00
Total	$80,840 90

BEAUHARNOIS POWER PROJECT—LEASES

Mr. BARRETTE:

1. Is the contract dated December 10, 1908, repecting the leasing of the old Beauharnois canal, to which the Minister of Railways and William Cassell McIntyre and Edmond Arthur Robert were parties, still in force?

2. Was the contract transferred to some other party, and who holds the contract at the present time?

3. Are the obligations arising out of this contract still in force, and if any modifications have been made, what are they?

4. Are clauses 16 and 17 of the original lease respecting the transfer of the lease of the old Beauharnois canal still in force?

5. If these clauses in the contract were cancelled, what reasons were adduced for their cancellation?

6. Were similar clauses inserted in the agreement concluded between the federal government and the Beauharnois Light, Heat and Power Company?

7. Was a guarantee to the effect that this company will not amalgamate or merge with or sell any of its shares to the Montreal Light, Heat and Power Company inserted in the contract of the Beauharnois Light, Heat and Power Company?

8. Was the clause mentioned in paragraph 7 inserted in the contracts in which the federal government is interested directly or indirectly?

Mr. MANION:

1. Lease dated December 10, 1907, of the old Beauharnois canal, to William C. McIntyre and Edmond A. Robert (as renewed April 26, 1930) is still in force.

2. On October 23, 1908, the lease was assigned to the Canadian Light and Power Company, which company now holds renewal of same.

3. The obligations arising out of the lease are regarded as still in force.

4. Clauses 16 and 17 of the original lease expressly forbade any assignment of the lease to the Montreal Light, Heat and Power Company, its assigns or successors; or any partnership or amalgamation. These clauses were waived by P. C. 3136 of December 18, 1920. This change is not regarded as a change in obligations entailed by the lease.

5. The reasons set out in the order in council waiving clauses 16 and 17 were to the effect that the provisions of the clauses in question caused the company great hardship in financing its operations and prevented it from borrowing at advantageous rates on its securities, and had hampered the company's development, tending to increase the cost of power to the public.

6. Not specifically, but it is provided therein that there shall be no assignment except with the approval of the governor in council.

7. If the contract referred to is that embodied in Dominion order in council, P.C. 504, of March 1, 1932 (and not the agreement as between the province of Quebec and the Beauharnois Light, Heat and Power Company), the answer is that no such guarantee was exacted. However, as stated in answer No. 6, there is a measure of control, clause 31, of the agreement and of order in council, P.C. 504, providing:—

"That no assignment of the company's works nor of its rights under Chapters 19 and 20 of the Statutes of Canada, 1931, and/or under order in council (P.C. 504) dated the 1st day of March, 1932, shall be made unless the approval of the governor in council is first had and obtained; and in case the company shall make any such assignment without such approval His Majesty may take over and operate the whole or any part of the company's works without compensation; Provided, however, that an assignment by the company to a trustee or trustees as security for an issue or issues of its securities shall not be deemed to be an assignment within the meaning of this clause."

8. Answered by the replies to questions 6 and 7.

TRADE WITH FRANCE

Mr. GIROUARD:

1. What was the value of our exports to France from 1st of May, 1932, to the 1st of January, 1933?

2. What was the value of our imports from France during the same period?

Mr. STEVENS:

1. Canada's exports to France from May 1, 1932, to January 1, 1933, were as under:

Canadian produce..	$8,803,442
Foreign produce..	38,863
Total exports..	$8,842,305

2. Canada's imports from France from May 1, 1932, to January 1, 1933, were $6,188,129.

MONTREAL LIGHT, HEAT AND POWER COMPANY

Mr. BARRETTE:

1. Did the federal government consent to the expropriation of electric power by the Montreal Light, Heat and Power Company?
2. If so, under what conditions?

Mr. STEVENS:

1 and 2. No.

ELECTRIC POWER COSTS—QUEBEC

Mr. BARRETTE:

1. Has the government received any complaints regarding the price of electric power in Montreal and in the province of Quebec?
2. If so, what action will be taken by the government in this respect?

Mr. STEVENS:

1. The Department of Trade and Commerce has not received any such complaints.

2. Answered by No. 1.

FEDERAL LOANS TO ALBERTA—MUNICIPAL LOANS

Mr. POWER:

1. What amounts were advanced by the Dominion government by way of loan to enable the province of Alberta to loan to municipalities in order that their share of works relief or direct relief may be paid (a) during the year 1931; (b) during the year 1932?
2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?
3. How much has been repaid on the said advances?

Mr. RHODES:

1 and 2. Loans to Alberta for relief works and direct relief in 1931 and 1932 were as follows:

Date and No. of order in council	Amount of loan	Purpose of loan
Nov. 30, 1931—P.C. 2994..	$500,000	Provincial and/or municipal share public works.
Feb. 6, 1932—P.C. 289..	500,000	Provincial and/or municipal share public works.
Apr. 14, 1932—P.C. 848..	500,000	Provincial and/or municipal share public works.
July 6, 1932—P.C. 1543..	500,000	For loans to municipalities.
Sept. 7, 1932—P.C. 1951..	500,000	Provincial and/or municipal share public works.

3. Nil.

FEDERAL LOANS TO SASKATCHEWAN—MUNICIPAL LOANS

Mr. POWER:

1. What amounts were advanced by the Dominion government by way of loan to enable the province of Saskatchewan to loan to municipalities in order that their share of works relief or direct relief may be paid (a) during the year 1931? (b) during the year 1932?
2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?
3. How much has been repaid on the said advances?

Mr. RHODES:

1 and 2. Loans to Saskatchewan for relief works and direct relief in 1931 and 1932 were as follows (excluding relief administered by Saskatchewan relief commission.):

Date and No. of order in council	Amount of loan	Purpose of loan
Nov. 30, 1931—P.C. 2992..	$500,000 00	Provincial and/or municipal share public work.
Apr. 25, 1932—P.C. 922..	500,000 00	Provincial and/or municipal share public work.
Aug. 17, 1932—P.C. 1827..	646,962 04	Municipalities' share public works.

3. Nil.

FEDERAL LOANS TO BRITISH COLUMBIA—MUNICIPAL LOANS

Mr. POWER:

1. What amounts were advanced by the Dominion government by way of loan to enable the province of British Columbia to loan to municipalities in order that their share of works relief or direct relief may be paid (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?

3. How much has been repaid on the said advances?

Mr. RHODES:

1 and 2. Loans to British Columbia for relief works and direct relief in 1931 and 1932, were as follows:

Date and No. of order in council	Amount of loan	Purpose of loan
Nov. 30, 1931—P.C. 2993	$ 500,000	Provincial and/or municipal share public works.
Feb. 20, 1932—P.C. 399	500,000	Provincial and/or municipal share public works.
Feb. 29, 1932—P.C. 479	112,500	Provincial share—relief camps.
Apr. 14, 1932—P.C. 849	500,000	Provincial and/or municipal share public works.
July 28, 1932—P.C. 1703	2,000,000	Provincial and/or municipal share public works and direct relief.
Oct. 28, 1932—P.C. 2406	150,000	Municipal direct relief.

3. $243,909.49 by credits applied in respect of dominion's share.

FEDERAL LOANS TO MANITOBA—MUNICIPAL LOANS

Mr. POWER:

1. What amounts were advanced by the Dominion government by way of loan to enable the province of Manitoba to loan to municipalities in order that their share of works relief or direct relief may be paid (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances, and amount covered by each such order in council?

3. How much has been repaid on the said advances?

Mr. RHODES:

1 and 2. Loans to Manitoba for relief works and direct relief in 1931 and 1932, were as follows:

Date and No. of order in council	Amount of loan	Purpose of loan
Nov. 30, 1931—P.C. 2990	$500,000 00	Provincial and/or municipal share public works.
Feb. 18, 1932—P.C. 361	500,000 00	Provincial and/or municipal share public works.
Feb. 23, 1932—P.C. 411	794,733 25	Provincial and/or municipal share direct relief.
Apr 7, 1932—P.C. 785	262,828 30	Provincial and/or municipal share direct relief.
Apr. 22, 1932—P.C. 911	500,000 00	Provincial and/or municipal share public works.
Apr. 30, 1932—P.C. 1025	469,752 05	Provincial and/or municipal share direct relief.
May 26, 1932—P.C. 1243	500,000 00	Provincial and/or municipal share public works.
Aug. 15, 1932—P.C. 1813	500,000 00	Provincial and/or municipal share public works.
Oct. 20, 1932—P.C. 2335	300,000 00	Provincial and/or municipal share public works.

3. Nil.

BEAUHARNOIS POWER PROJECT—REFINANCING

Mr. GARLAND (Bow River):

1. In respect of the recent offer of the Montreal Light, Heat and Power Consolidated for the refinancing of the Beauharnois enterprise—has the Dominion government consented to permit its claim in respect of its guarantee of advances to the above enterprise to remain in abeyance?

2. In the event of an alternative offer being made on behalf of the $30,000,000 debenture holders would the government be willing to consider permitting its said claim to remain in abeyance in respect to such offer?

Mr. BENNETT:

1. The holders of the $30,000,000 6 per cent collateral trust bonds of the Beauharnois Light, Heat and Power Company held a meeting called in accordance with the provisions of the trust mortgage deed securing the said bonds, default having been made in the payment of the interest thereon, and elected a committee to deal with the situation. A further meeting of such bond holders will consider a plan prepared by the committee, which involves certain action being taken by the Dominion government if the plan is acceptable to the bond holders.

2. The government is aware of no reason why any interested person might not submit a plan for reorganization of the company to the committee of the bond holders. In the event of any plan being submitted, it would be for the committee to consider what appropriate action should be taken, but the committee would undoubtedly ascertain the views of the government with respect to its guarantee. The committee of the bond holders is charged with the responsibility of dealing with the plans for reorganization of the enterprise, and not the government.

FEDERAL GOVERNMENT EXPENSES

Mr. TETREAULT:

1. What were the ordinary expenses of the federal government for the fiscal year 1929-30?

2. What did such expenses for the fiscal year 1932-33 amount to?

Mr. RHODES:

1 and 2. The figures are shown at pp. 3446-7 unrevised Hansard, March 21, 1933.

SASKATCHEWAN RELIEF COMMISSION—FEDERAL ADVANCES

Mr. POWER:

1. What is the amount of loans or advances made by the Dominion government to the Saskatchewan relief commission (a) for general purposes; (b) for purchase of seed grain, during the years 1931 and 1932?

2. What were the dates and numbers of orders in council authorizing the said loans, or advances and amount covered by each such order in council?

3. How much has been repaid on the said loans or advances?

Mr. RHODES:

1. Loans and advances to province of Saskatchewan for Saskatchewan relief commission: (a) $10,250,000; (b) $6,000,000 for seed grain and seeding operations.

2. Date and Number of Order in Council	Amount
Sept. 19, 1931—P.C. 2336	$ 500,000
Oct. 23, 1931—P.C. 2675	250,000
Dec. 7, 1931—P.C. 3027	500,000
Dec. 16, 1931—P.C. 3115	1,000,000
Dec. 31, 1931—P.C. 3195	750,000
Jan. 21, 1932—P.C. 131	750,000
Feb. 3, 1932—P.C. 256	500,000
Feb. 18, 1932—P.C. 377	500,000
Feb. 29, 1932—P.C. 491	500,000
May 18, 1932—P.C. 1172	1,500,000
Aug. 17, 1932—P.C. 1828	1,500,000
July 14, 1932—P.C. 1613	2,000,000
Total (a)	$ 10,250,000
April 6, 1932—P.C. 767	2,000,000
April 12, 1932—P.C. 789	2,000,000
April 28, 1932—P.C. 974	2,000,000
Total (b)	$ 6,000,000

3. When the accounts for the Dominion's share are settled, credits of approximately $10,000,000 will have been applied to loans and advances of $10,250,000 for general relief. The sum of $410,000 has been repaid in respect of loans for seed grain and seeding operations.

FEDERAL LOANS TO SASKATCHEWAN—INTEREST ON TREASURY BILLS

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government to cover accrued interest on treasury bills deposited as security for loans made to the province of Saskatchewan?

2. What were the dates and numbers of orders in council authorizing the said advances or loans and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1. $387,375.34.

2. Dec. 17, 1932, P.C. 2757, $179,989.73; Mar. 4, 1933, P.C. 385, $207,385.61.

3. Nil.

FEDERAL LOANS TO SASKATCHEWAN—PUBLIC WORKS

Mr. POWER:

1. What is the amount of loans or advances made by the Dominion government to the government of the province of Saskatchewan to defray cost of approved public works payable by the province and/or to loan money to the municipalities in order that their share may be paid (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans or advances and amount covered by each such order in council?

3. How much has been repaid on the said loans or advances?

Mr. RHODES:

1, 2 and 3. See answers to preceding enquiry re loans to Saskatchewan.

FEDERAL LOANS TO BRITISH COLUMBIA—PUBLIC WORKS

Mr. POWER:

1. What is the amount of loans or advances by the Dominion government to the government of the province of British Columbia to defray cost of approved public works payable by the province and/or to loan money to the municipalities in order that their share may be paid (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans or advances and amount covered by each such order in council?

3. How much has been repaid on the said loans or advances?

Mr. RHODES:

1, 2 and 3. See answer to preceding enquiry re loans to British Columbia.

FEDERAL LOANS TO ALBERTA—PUBLIC WORKS

Mr. POWER:

1. What is the amount of loans or advances by the Dominion government to the government of the province of Alberta to defray cost of approved public works payable by the province and/or to loan money to the municipalities in order that their share may be paid (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans or advances and amount covered by each such order in council?

3. How much has been repaid on the said loans or advances?

Mr. RHODES:

1, 2 and 3. See answers to preceding enquiry re loans to Alberta.

FEDERAL LOANS TO MANITOBA—PUBLIC WORKS

Mr. POWER:

1. What is the amount of loans or advances by the Dominion government to the government of the province of Manitoba to defray cost of approved public works payable by the province and/or to loan money to the municipalities in order that their share may be paid (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said loans or advances and amount covered by each such order in council?

3. How much has been repaid on the said loans or advances?

Mr RHODES:

1, 2 and 3. See answers to preceding enquiry re loans to Manitoba.

UNEMPLOYMENT RELIEF—UNDERTAKING 66-114

Mr. LaRUE:

1. Has the provincial government of Quebec submitted an account to the federal government in connection with undertaking No. 66-114 respecting works carried out under the federal unemployment relief scheme?

2. If so, what does the account amount to?

3. Has the federal government paid this claim; if not why?

Mr. GORDON:

(1) Yes.

(2) Schedule 66 approved under the Unemployment and Farm Relief Act, 1931, provides for provincial works to relieve unemployment in the following sections of the county of Matapedia:—

St. Tharsicius, Ste. Irene, St. Cleophas, Ste. Jeanne d'Arc, Ste. Paula, St-Zenon, Padoue, Albertville, Ste-Marguerite Marie, Lac au Saumon, Amqui; comprising clearing, grading, ditching, cutting lumber and building bridges and warehouses.

The above mentioned undertakings to be carried out by the Department of Colonization at a total expenditure of $41,000; the dominion proportion being 50 per cent, or $20,500.

The following accounts have been received to date and paid in respect to this schedule:—

Date	Cheque mailed	Total Expenditure	Dominion Proportion
Feb.	25th/32	1,837 20	918 60
Feb.	25th/32	1,003 64	501 82
Apr.	15th/32	793 30	396 65
Apr.	15th/32	1,913 25	956 62
Apr.	15th/32	319 40	159 70
Apr.	15th/32	357 90	178 95
Apr.	18th/32	3,610 80	1,805 40
Aug.	26th/32	1,183 38	591 69
Dec.	19th/32	5,920 74	2,960 37
Dec.	19th/32	5,898 97	2,949 48
Dec.	19th/32	1,540 10	770 05
Dec.	19th/32	1,909 97	954 98
Dec.	19th/32	133 21	66 60
Dec.	19th/32	453 78	226 89

Date mailed	Cheque	Total Expenditure	Dominion Proportion
Dec.	19th/32	311 07	155 53
Dec.	19th/32	4,885 29	2,442 64
Dec.	19th/32	537 62	268 81
Dec.	19th/32	1,498 00	749 00
Dec.	19th/32	1,860 50	930 25
Dec.	19th/32	394 00	197 00
Mch.	6th/33	54 00	27 00
Mch.	6th/33	273 70	136 85
Mch.	23rd/33	268 12	134 06
Mch.	23rd/33	275 10	137 55
Mch.	23rd/33	31 02	15 51
Mch.	23rd/33	163 03	81 51
Mch.	23rd/33	12 01	6 00
Mch.	23rd/33	48 60	24 30
Mch.	23rd/33	40 65	20 32
Totals..		$37,528 35	$18,764 13

(3) See reply to No. 2.

QUESTION PASSED AS ORDER FOR RETURN

DUNCAN REPORT

Mr. GARDINER:

1. What amount of money was paid to the maritime provinces in compliance with the Duncan report?
2. How was it divided?
3. What was the amount paid as freight rates?
4. How much has been paid as subsidies on freight to move coal from the maritime provinces?

Mr. CAHAN: The return is tabled forthwith.

MOTIONS FOR PAPERS

LITTLE BROOK, N.S., BREAKWATER

Mr. RALSTON:

For a copy of all payrolls, accounts, vouchers and other documents, in connection with work on Little Brook breakwater in the summer of 1931.

BELLIVEAU'S COVE, DIGBY COUNTY, N.S., POSTMASTER

Mr. RALSTON:

For a copy of all letters, telegrams, correspondence and other documents, on the files of the Postmaster General and of the Civil Service Commission in respect of the vacancy for the postmastership of Belliveau's Cove, Digby county, and the appointment of Peter Theriault thereto.

BARRINGTON, N.S., MAIL COURIER

Mr. RALSTON:

For a copy of all correspondence, papers or other documents, since November 1, 1932, in connection with the service furnished by the mail courier between Barrington, East and West Barrington, Smithsville, Port Latour and Villagedale, in Shelburne county, including a petition of the residents of such districts together with all letters, memoranda, reports, papers and documents respecting the services referred to in said petition and any changes subsequently made therein.

BANANA IMPORTATIONS

Mr. TAYLOR:

For a copy of all letters. telegrams, memoranda, or communications of any kind, passing between any company, individual, or group of individuals, and the Department of National Revenue, or any department of the government; relating to shortage of banana importation from the West Indies between the dates of June, 1932, and April 1, 1933, or advocating the abolition of the special tax of 50 cents per stem levied under the West Indies treaty.

FEDERAL LOANS TO SASKATCHEWAN—P.C. 3131

Mr. DUFF (for Mr. Power):

For a copy of all correspondence, memoranda, telegrams and other documents, exchanged between the Dominion government and/or any of the ministers thereof, and the government of the province of Saskatchewan and/or any of the ministers thereof, in connection with the loan to the said province of Saskatchewan of three million dollars for governmental services, authorized under P.C. 3131, dated December 17, 1931.

FEDERAL LOANS TO SASKATCHEWAN—P.C. 2757

Mr. DUFF (for Mr. Power):

For a copy of all correspondence, memoranda, telegrams and other documents, exchanged between the Dominion government and/or any of the ministers thereof, and the government of the province of Saskatchewan and/or any of the ministers thereof, in connection with the loan to the said province of Saskatchewan of $3,153,739.73 for governmental services, authorized under P.C. 2757, dated December 17, 1932.

FEDERAL LOANS TO SASKATCHEWAN—P.C. 2267

Mr. DUFF (for Mr. Power):

For a copy of all correspondence, memoranda, telegrams and other documents, exchanged between the Dominion government and/or any of the ministers thereof, and the government of the province of Saskatchewan and/or any of the ministers thereof, in connection with the loan to the said province of Saskatchewan of $1,500,000 for governmental services, authorized under P.C. 2267, dated October 13, 1932.

FEDERAL LOANS TO SASKATCHEWAN—P.C. 2336

Mr. DUFF (for Mr. Power):

For a copy of all correspondence, memoranda, telegrams and other documents, exchanged between the Dominion government and/or any of the ministers thereof, and the government of the province of Saskatchewan and/or any of the ministers thereof, in connection with the loan to the said province of Saskatchewan of two million dollars for governmental services, authorized under P.C. 2336, dated September 19, 1931.

FEDERAL LOANS TO SASKATCHEWAN—P.C. 2084

Mr. DUFF (for Mr. Power):

For a copy of all correspondence, memodanda, telegrams and other documents, exchanged between the Dominion government and/or any of the ministers thereof, and the government of the province of Saskatchewan and/or any of the ministers thereof, in connection with the loan to the said province of Saskatchewan of two million dollars for governmental services, authorized under P.C. 2084, dated September 21, 1932.

CANADIAN BANK STATISTICS

Mr. COOTE:

For a return showing as at October 31st in each year from 1914 to 1932, inclusive: (a) total bank loans in Canada; (b) total bank deposits in Canada payable on demand; (c) total savings bank deposits in Canada; (d) Dominion, provincial, municipal and other securities held by chartered banks in Canada; (e) bank notes outstanding; (f) Dominion notes outstanding; (g) advances under the Finance Act; (h) amount of gold held by Dominion government.

NOTRE-DAME DU LAC—POSTMASTER

Mr. POULIOT:

For a copy of all correspondence, telegrams, petitions, reports, plans and other documents in the possession of and under the control of the government, with respect to the appointment of the postmaster at Notre-Dame du Lac, Quebec, and the change of location of said post office, since November 7, 1932.

GILBERT VIAU MAIL SORTER—MONTREAL

Mr. POULIOT:

For a copy of the first application to the Civil Service Commission of Gilbert Viau, at present final sorter in the Post Office Department in Montreal.

LA COURONNE, QUE.—POSTMASTER

Mr. POULIOT:

For a copy of all correspondence, telegrams, plans, reports and all other documents in the possession of the government, respecting the post office of La Couronne, county of Témiscouata, since the month of August, 1930.

FINANCIAL ASSISTANCE TO EDMONTON AND CALGARY

Mr. DUFF (for Mr. POWER):

For a copy of order in council P.C. 1543 of July 6, 1932, providing for financial assistance to the extent of $500,000 of which $250,000 was to the city of Edmonton and $250,000 to the city of Calgary.

Mr. RHODES: A few days ago I spoke to the hon. member and, as a matter of fact, supplied him with a copy of the order in council. I understood it was his intention, if I am not mistaken, to drop the order. In the meantime I ask that at least it should stand.

Mr. SPEAKER: Stands.

COATICOOK, QUE.—POSTMASTER

Mr. POULIOT:

For a copy of all correspondence, telegrams, reports, plans, sketches, petitions, lists of eligibles, recommendations and all other documents in the possession of the government and the Civil Service Commission, respecting the appointment of a postmaster at Coaticook, province of Quebec, since the month of August, 1930.

Mr. BENNETT: Hon. members will observe that motion No. 15, refers to all the documents in possession of the Civil Service Commission, and raises the old question as to the extent to which all these papers may be made available. No doubt some of them are privileged communications with various correspondents whose names they do not wish to disclose, concerning the habits and characters of those seeking employment.

Mr. SPEAKER: Shall the motion carry, with those reservations?

Mr. BENNETT: Yes.

Mr. SPEAKER: Carried, with reservations.

POST OFFICE ACT AMENDMENT

CHANGE IN POSTAGE ON ADVERTISING PORTION OF NEWSPAPERS

Right Hon. R. B. BENNETT (Prime Minister) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Post Office Act to provide that the advertising portion of newspapers and periodicals transmitted for a greater distance than forty miles from their place of publication, or of which the publication is of greater frequency than once a week, shall be subject to postage of two cents a pound where the space devoted to advertisements exceeds 20 per cent but does not exceed 30 per cent of the total space; of 3 cents a pound where such space exceeds 30 per cent but does not exceed 50 per cent; and of 4 cents a pound where such space exceeds 50 per cent.

He said: His Excellency the Governor General in Council, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

INTERIM SUPPLY BILL

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, the operation of the provisions of the Consolidated Revenue and Audit Act, 1931, make it desirable, indeed necessary, that we should have interim supply. I therefore would ask the unanimous consent of the house to vote one-twelfth of supply. If that con-

sent be given it is of course distinctly understood that the reservations usual in such cases as to full rights of discussion shall be preserved to all members of the house.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): As far as the official opposition is concerned, there is no objection to meeting the request of my hon. friend.

Mr. RHODES moved that the house go into committee of supply.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, before you leave the chair—

Mr. RHODES: May I point out that we can only proceed in this way by unanimous consent, otherwise the motion would not be made. That being so I hope my hon. friend will not embark on a discussion, which would be out of the ordinary course.

Mr. POULIOT: My hon. friend the Minister of Finance will have unanimous consent. What I have to mention to the house is a very important matter, and it will be very short. This is the only opportunity I have to bring the matter before the house now.

Mr. RHODES: Mr. Speaker, may I say with all deference to my hon. friend that if he exercises his right the same right is open to every hon. member, and we therefore could not proceed by unanimous consent, which is the only method by which we can proceed. If my hon. friend objects to the motion I will withdraw it.

Mr. POULIOT: I will tell my hon. friend that I do not wish to be unpleasant to him, therefore I will take the first opportunity to bring this matter before the house at another time; but I hope that on that occasion the government will be just as courteous as I am now.

Motion agreed to and the house went into committee of supply Mr. Hanson (York-Sunbury) in the chair.

Mr. RHODES moved:

Resolved, that a sum not exceeding $16.220.422.36, being one-twelfth of the amount to be voted as set forth in the main estimates for the fiscal year ending 31st March, 1934, laid before the House of Commons at the present session of parliament, be granted to His Majesty, on account, for the fiscal year ending the 31st March, 1934.

Motion agreed to.

Resolution reported, read the second time and concurred in.

[Mr. Rhodes.]

WAYS AND MEANS

INTERIM SUPPLY BILL

Mr. RHODES moved that the house go into committee of ways and means.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. RHODES moved:

Resolved, that towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending 31st March, 1934, the sum of $16,220,422.36 be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in. Mr. Rhodes thereupon moved for leave to introduce Bill No. 72, for granting to His Majesty certain sums of money for the public service for the financial year ending March 31, 1934.

Motion agreed to, bill read the first and second time, considered in committee, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

AUTHORIZATION OF PROVISION OF MONEYS TO MEET EXPENDITURES AND INDEBTEDNESS

Hon. R. J. MANION (Minister of Railways): Mr. Speaker, I should like the house to consent to advancing resolution 31 to the stage of getting the bill before the house, because it is a financial bill for the Canadian National Railways. When the bill reaches second reading it will be referred to the select standing committee on railways, so this is a formal matter.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): A special committee?

Mr. MANION: Yes. I move that the house go into committee to consider the following proposed resolution:

That it is expedient to bring in a measure to empower the Canadian National Railway Company to issue notes for a sum not exceeding $13,058,604.63 for refunding requirements and capital expenditures for the calendar year 1933, and to authorize the Minister of Finance, with the approval of the governor in council, to make loans on the security of such notes to an amount not exceeding the said sum; and to authorize the Minister of Finance, with the approval of the governor in council, to make temporary and accountable advances not exceeding in the aggregate $47,941,395.37 to meet the net income deficits occurring during the

calendar year 1933, the total of such deficits as certified by auditors appointed to audit the accounts of the company, to be included in the estimates submitted to parliament at the first session following the close of the said calendar year.

Motion agreed to, and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Resolution reported, read the second time and concurred in. Mr. Manion thereupon moved for leave to introduce Bill No. 73, respecting the Canadian National Railways and to authorize the provision of moneys to meet expenditures made and indebtedness incurred during the calendar year 1933 and to authorize His Majesty to make loans and advances to the Canadian National Railway Company.

Motion agreed to and bill read the first time.

Mr. MANION moved the second reading of the bill.

He said: If the house would give permission, Mr. Speaker, I would move that the bill now be given second reading and referred to the special committee on railways and shipping.

Motion agreed to; bill read the second time and referred to the special committee on railways and shipping owned, operated and controlled by the government.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Wednesday, April 5, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, the amendment thereto of Mr. Ralston and the amendment to the amendment of Mr. Lucas.

Mr. ISAAC D. MACDOUGALL (Inverness): Mr. Speaker, before offering any comment on the budget or the criticism to which it has been subjected may I pause briefly to pay a humble meed of tribute and of praise to the memory of a personal friend, a fellow commoner from the maritime provinces who, since the beginning of this session, has passed on to that bourne from whence no traveller returns. The late Mr. Cormier, who all too briefly represented in this house the constituency of Restigouche-Madawaska, was in every sense of the word an educated, cultured, Christian gentleman. He exemplified in private as in public life the highest and noblest traditions of the French Acadian race in Canada, a race whose unselfish sacrifices, indomitable courage and fortitude in the face of travail and adversity; whose respect for law and constituted authority, whose love of home, and abiding faith in a triune and eternal God combined to earn for it a distinctive place in the annals of maritime history. To that race, which through the passing of Mr. Cormier has lost a distinguished representative; to the electorate of Restigouche-Madawaska; to the many friends of the deceased and especially to his immediate relatives, on this occasion I extend my sincerest condolences.

Mr. Speaker, as a fellow Nova Scotian may I be permitted—if he can stand any more felicitations—to felicitate my hon. friend the Minister of Finance (Mr. Rhodes) on the presentation of his second budget to the parliament of Canada. My hon. friend—and I wish he would not look at me at the moment, because I know his native modesty—has earned for himself an exalted place in Canadian public life. For some years he occupied the position which you, sir—and may I congratulate you also on having reached to-day the sixtieth anniversary of your birth—occupy at the moment with such ability, impartiality and urbanity, the position of chief commoner of Canada. On two occasions my hon. friend was selected by his fellow citizens of Nova Scotia to be premier of that province. When my hon. friend accepted the portfolio of finance he brought to the discharge of onerous public duties a keen sense of business acumen, a wide knowledge of men and affairs, natural intellectual endowments that are not surpassed in the House of Commons, high educational qualifications, and perhaps above all and more important than anything else an unsullied and irreproachable character. During the world depression and dislocation of to-day I think we can all agree, irrespective of party politics, that Canada is most fortunate in having the present Minister of Finance.

But let me have done with congratulations for the moment, Mr. Speaker; that is hardly a Highlander's role. I turn now to the speech of my hon. friend who so ably represents Shelburne-Yarmouth (Mr. Ralston), over the long distance telephone from Montreal. From the point of view of time my hon. friend's speech was the longest he has made in parliament; from the point of view of delivery it was the loudest, and from the point of view of material it was by far the emptiest of his public addresses. From its exordium to the colourless and broken-backed amend-

ment with which it concluded there was not even the genesis of one constructive idea. But perhaps no one who has been in this house for the last few years would be surprised at that. For several years past the sole role of our friends opposite has been to offer carping, destructive criticism. It would be just as futile, just as bootless, to expect anything of a constructive nature to emanate from the opposition benches as it would be to put a blind man in a dark room and expect him to discover a black cat that was not there.

My hon. friend, in the beginning of his speech, essayed the role of prophet, a role that sits rather heavily upon him, because as I understand in the last election he made some predictions that proved entirely unwarranted. In this role he predicted that there would be changes in the budget before it passed its final stages in parliament. May I tell him that there never was a budget presented to the parliament of Canada, either by a Liberal or by a Conservative government, in which material changes were not made before it passed its final stages. But, sir, it does not lie in the mouth of any Liberal to talk about changes being made in the budget after its introduction. We all remember what happened in 1927. When the Liberal government of that day brought down its budget, one of the features of that budget was a reduction in the duty on automobiles. Shortly after the budget was presented to parliament a very large delegation of working men and also women engaged in the automobile manufacturing industry of Canada, stormed the citadel hill. The government of that day declared that they would stick to their guns, that nothing would be done to satisfy the automobile manufacturers. They paid no attention to that delegation of workmen, nor to other delegations that came to them. But when the automobible manufacturers themselves interviewed them, what happened? In the dead and darkness of the night—it must have been in the night because nothing was done that day—in the darkness of the night, I say, when evil deeds are wont to be perpetrated, my hon. friends sought and found a method of relief for the automobile manufacturers of Canada, and to the amazement of this country the very next day they reduced the sales tax on automobiles and completely wiped out the luxury tax, with the result that they put the manufacturers of automobiles in a more preferred position than they had been in before the Liberal party tinkered with the tariff at all. And if Dame Rumour be a wench of her word, as she sometimes is, in grateful acknowledgment a couple of years later of this sneaking, contemptible, subterranean and typical Grit method of escape that was given to the automobile manufacturers of Canada by the then Liberal government, these same manufacturers pledged large sums to the campaign fund of the Liberal party in 1930.

I say therefore to my hon. friend from Shelburne-Yarmouth that it lies not in the mouth of any Liberal to talk about changes being made in the budget before it reaches its final stages in parliament. After assuming the role of prophet, my hon. friend went on to take the role of financial critic, and he criticized the government of the day because in its financial presentation it dealt with net debt and not with funded debt, forgetting, with that blissful forgetfulness of the Liberal party, that for nine years budgets were presented by the Liberal government and dealt solely and entirely with the net debt and not with the funded debt. The hon. gentleman also criticized the Minister of Finance for not laying aside a sinking fund. That is something that is becoming quite important to the Liberal party. In the days of buoyant revenues, before the world became enthralled in the present depression and when there was an opportunity to set aside a sinking fund, my hon. friends were in power for nine years and took no steps to set aside such a fund. But with that inconsistency which is the dominant characteristic of the Liberal party, the hon. gentleman censures the Minister of Finance for not setting aside a sinking fund in this period of depression.

The hon. member also referred to the fact that there were increases in the national debt, and it is true that there have been increases. But is there any man in Canada, who is not a fit and proper candidate for a lunatic asylum, who would think that there would be no increases in the national debt? This country, in common with every other country, had to meet an extraordinary situation and make extraordinary expenditures, and I do not hesitate to say that the increase in the national debt was justified. Those who argue otherwise must take the responsibility for saying that this government should refuse to discharge the fundamental right of a government in regard to the unemployed; they must say that the government should not have come to the rescue of those farmers in Saskatchewan who were suffering on account of circumstances over which they have no control. Extraordinary expenditures with respect to all these matters resulted in an increase in the national debt, but in every instance the increase was absolutely necessary.

And this is true of every government that recognizes the functions and the duties of government. They could not have been avoided.

My hon. friend next dealt with the stabilization fund proposed in the budget. This he damned with faint praise. He spoke mostly in reference to the maritime provinces in dealing with this matter, but he forgets that the farmers in the maritimes are still producing pork, poultry and cattle, even though he has left, and this stabilization fund will be of great benefit to them. He dealt with the stabilization fund only as it applied to fish; and of course, in the political blindness of prejudice that obscured his otherwise clear vision, he said, "Why this refers to only $50,000 worth of fish." My hon. friend must surely know, as I believe he does, that the fish products of the Atlantic and Pacific coast affected by the stabilization fund, did not amount to $50,000 but over three million.

Mr. RALSTON: My hon. friend will find no such statement in my speech. He is quoting me and he must quote me correctly. There is no mention in my speech of $50,000.

Mr. MACDOUGALL: I wish to do my hon. friend absolute justice—

Mr. RALSTON: Do it.

Mr. MACDOUGALL: —but I think he is a little bit afraid of justice in this matter. He reminds me of the story of the Irishman who appeared in a New York court. He broke down and someone said, "Don't carry on in that way; you will get justice here." The Irishman replied, "Begorra, that's the very thing I am afraid of." I will do my hon. friend justice; the amount of fish to which he referred was fresh fish, and he said $50,000—

Mr. RALSTON: I must ask my hon. friend to take that back; I did not say $50,000. My hon. friend must have been reading somebody else's speech.

Mr. MACDOUGALL: $500,000.

Mr. RALSTON: Nor $500,000.

Mr. MACDOUGALL: Well, tell us what it was.

Mr. RALSTON: I think I mentioned $300,000 as the exports of fresh fish to Great Britain and about $6,000,000 to the United States. If that has any reference to $50,000 or $500,000, I do not see it.

Mr. MACDOUGALL: My hon. friend makes his position worse. He says it was only $300,000, but the trade returns absolutely contradict that statement. But the point is that when my hon. friend was reading the budget speech, there was not a period or a comma between fresh and canned fish, but there was a full stop after the word "fish." These are the returns which my hon. friend wants; I shall be glad to give them. The fresh fish and canned fish products that will be directly affected by the stabilization fund amount to $3,884,550. That is quite a different amount from $300,000. Those are the statistics of the Department of Fisheries and my hon. friend can verify them.

When I listened to my hon. friend making his statement I was not at all surprised that he was only about sixty-five per cent unfair to the present government. What I did wonder at is that he could be thirty per cent fair to them. Knowing the deep dyed partisanship of my hon. friend, I could almost visualize the political labour pains he must have suffered in making a statement that was even thirty per cent fair to the present government in a matter redounding to its credit.

My hon. friend says that the right thing to do is to cancel the licences of the beam trawlers. For the purpose of being fair to him, let me go into the history of beam trawler operations in Nova Scotia. The first permit ever granted to a fish corporation to operate beam trawlers was granted by a Liberal government. To come nearer to the present time and to the time when my hon. friend joined the government in 1922, permits expired for the operation of beam trawlers in Nova Scotia and they were renewed by the King government for the benefit of the fish corporations. The permits expired again in 1923 and again they were renewed by the King government for the benefit of the fish corporations. The same thing happened in 1924 and 1925, but in 1926 my hon. friend, the present official critic of the opposition and the champion of the shore fishermen of Nova Scotia, entered this house as a member of the King government. The fishermen surely had a right to believe my hon. friend would make some protest against the renewal of permits, but the months wore on and the time came around in 1926 to renew the permits for beam trawlers. They were again renewed and the permits this time bore not only the imprimatur of the Prime Minister of that day but the nihil obstat of my hon. friend the member for Shelburne-Yarmouth. And to use his own words, women wept and the fishermen bowed their heads.

In 1927, 1928 and 1929, we had the same procedure, but in 1930, with a federal election on and after a report of a commission appointed to investigate the fisheries in the maritime provinces, steps were taken by order in council. I am sorry the leader of the

opposition (Mr. Mackenzie King) is not in his seat at the moment because, when anything approaching constitutional matters arises in this house, particularly regarding the rights of parliament in matters of expenditure and taxation, he becomes very fidgety; he squirms and twists as if in some way afflicted with a malevolent form of constitutional "fleabitis."

But in 1930, what was done? A tax was levied by order in council on beam trawler caught fish. When my hon. friends levied that tax by order in council, and unconstitutionally, if I may use the term of my hon. friend in regard to matters of taxation, because they did not consult parliament, they knew the order in council would be annulled by the courts of the country. As a matter of fact, to my knowledge defeated Liberal candidates went to fish corporations in Nova Scotia and said: "Never mind, do not worry about this tax; it is only a little Grit stageplay; it will never be collected." It never was collected.

Mr. RALSTON: If my hon. friend will allow me on a point of order, he says that this tax was not collected. He knows that it was. There was $5,000 collected which was paid back by this government. While I am on my feet, might I point out to my hon. friend that the order in council was not held unconstitutional. It was held that the act was not broad enough to cover it, but parliament had power to pass the act. May I also point out that the order in council was passed in October, 1929, and not in 1930.

Mr. MACDOUGALL: That does not make any difference. My hon. friend is right about the date.

Mr. RALSTON: The hon. member said it twice.

Mr. MACDOUGALL: But I said it was not an act; it was an order in council. My hon. friend was a member of the government when it was passed.

Mr. RALSTON: I said that.

Mr. MACDOUGALL: A large fish corporation in Nova Scotia defied the government of this country and did not pay the tax. My hon. friend knows no attempt was made to collect the tax until ten days before the election when it became known in Nova Scotia that the National Fish Company were defying the government and Conservative speakers were making use of that. Then letters were written informing the fish corporations that they were expected to pay the tax. It is true that the Leonard Fisheries paid something in the neighbourhood of $5,000, but the National Fish Company paid nothing. When this government came into power they took proceedings in the courts of this country, as my hon. friend should know, to collect and recover the amount owing. Mr. Neill R. McArthur, of Glace Bay, a very distinguished barrister of Nova Scotia, acted as the representative of the government, and the operators and owners of beam trawlers were represented by an equally able counsel in the person of Mr. C. J. Burchell, I believe a former law partner of the hon. member for Shelburne-Yarmouth.

Mr. RALSTON: My hon. friend's information is wrong. Mr. N. W. Rowell represented the beam trawlers.

Mr. MACDOUGALL: It was Mr. Rowell, was it?

Mr. RALSTON: Why does my hon. friend make these statements?

Mr. MACDOUGALL: The result was that this order in council was nullified in the courts of this country and payments were refunded to the Leonard Fisheries with the consequence that the National Fish Company had to pay nothing at all. If in the treatment of a public question there ever was as much persiflage, bluffing and hyprocrisy melted into one, it was the way in which the Liberal government, of which my hon. friend was a member, dealt with the beam trawler question in Nova Scotia.

But criticizing actions of hon. gentlemen opposite may not clear other hon. members from Nova Scotia who should fearlessly take their stand in regard to this matter. So far as I am concerned, I wish to congratulate the present government for taking what is at least a fearless, truthful, frank and open stand in declaring that its policy is to be gradual elimination of trawlers as a means of prosecuting the fishing industry in Nova Scotia.

Mr. RALSTON: You are simply cutting out two of the three trawlers which are already tied up.

Mr. MACDOUGALL: I know what they are doing. They cut out two trawlers when my hon. friends cut out none at all. So far as I am concerned, as one representative from the province of Nova Scotia, I am unalterably opposed to the operation of any beam trawler, not simply one or four, in the fisheries of the province of Nova Scotia. I welcome this step which the government has taken as a step in the right direction, but so long as I am representing the people of my constituency, and I think that in this the hon. member for Antigonish-Guysborough (Mr. Duff) will join with me—

Mr. DUFF: I am not committing myself just now.

Mr. MACDOUGALL: That is tactful and rather good Liberal politics.

Mr. DUFF: I learned that from Sir Robert Borden.

Mr. MACDOUGALL: He was a Liberal at one time until he saw the light. So far as I am concerned, Mr. Speaker, I believe that the beam trawler ought not to operate in competition with the shore and boat fishermen of the province of Nova Scotia. I am unalterably opposed to their operation, and I shall continue to support the fishermen of Nova Scotia who, through their cooperative unions, desire that beam trawlers shall not be allowed to operate in the fisheries of Nova Scotia. I congratulate the government on going as far as they did, and while they did not go as far as I would like to see them go, and I say that frankly, I trust that next year when additional representations are made, they will go a great deal further in this matter.

Here may I pay a tribute to the personal representative of Premier Harrington who so strongly urged upon the government not merely that the number of licences granted to beam trawlers should be reduced, but that they should not be allowed to operate at all in the province of Nova Scotia so far as the power of this government could prevent it. Those of us who believe that the beam trawler is furnishing competition which is unfair to the shore fishermen are prepared to carry the fight on until the beam trawler method of fishing is entirely suppressed, because in my judgment and in that of a great many more, in the judgment I believe of ten out of eleven fishermen in the province of Nova Scotia, it is a destructive method of prosecuting the fisheries.

Another matter was placed on the order paper which is of vital importance to the fishermen of the maritime provinces, and that was the resolution standing in the name of my good friend from Antigonish-Guysborough in reference to reciprocity. May I congratulate him upon placing that resolution on the order paper? He was fearless in his attitude towards reciprocity, but I noticed that he did not get very much support for his resolution from the Liberal party.

Mr. MACKENZIE (Vancouver): We have not had a chance yet.

Mr. MACDOUGALL: The resolution was adopted by the government. My hon. friend from Vancouver Centre (Mr. Mackenzie), though he is a very tall man, is always able to succeed in pulling himself up in sections to discuss almost any matter. I have seen no lack of jumping to his feet to discuss other matters. I have had many requests from Liberals in my constituency for the speech delivered on that occasion by the right hon. leader of the opposition on the subject of reciprocity, and I was very much pained to have to say in complying with those requests that it was the shortest speech that I had ever heard the right hon. gentleman make, because he said nothing.

Perhaps there is some little difficulty between the machine that controls the Liberal party in Halifax and my hon. friend from Antigonish-Guysborough, but I do not see why he should not have had support from his own party in this house for his resolution. Furthermore, the same resolution was introduced by a Liberal in the city of Halifax when nominating a Liberal candidate for the provincial house. I presume that he was a friend of my hon. friend from Antigonish-Guysborough, and he was made to withdraw his resolution.

In regard to reciprocity, I have always believed in a reciprocity treaty between Canada and the United States, but I make this statement, and there is not a man in public life who can deny it, that there never was any intention in 1911 on the part of the government of Canada of that day, or on the part of the United States, to enter into a reciprocity treaty. I do not hear that denied by any hon. member. If they attempted to deny it, I would quote the words of the Right Hon. W. S. Fielding who, speaking in this house in 1922, said that what was proposed:

> —was not a treaty but a comprehensive agreement which was entered into in 1910-11 as the house will remember.

It was not a treaty.

Mr. RALSTON: That is a fine distinction.

Mr. MACDOUGALL: I am just going to point out to my hon. friend, who may not be able to catch fine distinctions, what the fine distinction is. A comprehensive trade agreement can be cancelled overnight without notice being given by either of the contracting parties, but a treaty cannot be cancelled. It is for some specified time. Surely that is not too fine a distinction for my hon. friend to catch.

I want to make this statement, although it may not find favour with hon. gentlemen opposite, that we are nearer to-day to a

reciprocal trade treaty with the United States than we have been since 1911. Why was it that hon. gentlemen opposite who were in office in this country until 1930, and were so loud in their advocacy of reciprocity, never sought reciprocal trade arrangements with the United States. Time and time again on the floor of this house the leader of the party opposite was challenged in that regard, and he never committed himself as to whether he would ever seek, or whether he even desired, reciprocal trade arrangements with the United States—never.

And why is it that we could not have made a reciprocal trade treaty with the United States during the last ten years? The answer will be found in the trade returns of this country. Why should the American government enter into reciprocal trade arrangements with us when, under the weak-kneed trade policy of hon. gentlemen opposite, we had handed over to the Americans almost everything they wanted from the Canadian market without asking from them anything in return? Let me quote a few figures for my hon. friend. In 1928, for example, under this wise fiscal policy of my hon. friends opposite, Canada imported from the United States $825,651,549 worth of goods, and in 1929, the year before hon. gentlemen opposite went to the country and when they had not yet felt the full force of Beauharnois, we imported $893,585,482 worth of American goods. We exported to the United States in 1928, $491,566,297 worth of goods, and in 1929, $522,677,767. Do you think that the United States would ever seek a reciprocal trade treaty with us when they had a favourable trade balance to that extent which was granted to them by the unwise fiscal policy of the previous administration? But to-day we have a party in power which has placed restrictions upon the flood of American goods entering Canada. To-day we have something to bargain with. That is the answer. As a result we are nearer to a reciprocal trade treaty with the United States than we have ever been in the last thirty years. But when that trade treaty is made—I do not know about my hon. friends opposite, but I suppose that following their glorious record of inconsistency, they may not support it—we on this side of the house, if that trade treaty does eventuate, have full confidence that the right hon. the Prime Minister will see that the position of Canada be safeguarded and that the treaty, if it is signed, will be mutually advantageous to Canada and the United States.

[Mr. Macdougall.]

The hon. member for Shelburne-Yarmouth had something to say concerning the coal industry of the province of Nova Scotia, and in his remarks twitted the Minister of Mines (Mr. Gordon), suggesting that the government had not done all it should have done for that industry. In case there may be illusions in the minds of the people of Nova Scotia in connection with this matter, I shall spread on the records of Hansard exactly what the government has done for the coal industry and the people in the native province of my hon. friend and myself. Before giving the figures, I challenge the hon. member for Shelburne-Yarmouth, or any other hon. member, to dispute the statement that the Bennett government has done more for the coal mining industry of Nova Scotia than has any government we have had in Canada.

Mr. RALSTON: I ask the hon. member simply to look at the coal industry in Nova Scotia to-day.

Mr. SHORT: Look at every other industry.

Mr. YOUNG: Yes, look at all of them.

Mr. MACDOUGALL: I make the statement that the present government has done more for the Nova Scotia coal industry than has any government which has held power since the Canadian union was consummated. I am not at all criticizing hon. members opposite for the little they did to assist the coal industry when they were in power. They made a step in the right direction, but that step was not sufficiently long.

Under order in council P.C. 539, of 1928—and I say to the hon. member for Shelburne-Yarmouth, quite frankly, that he had something to do with the passage of it—114,010 tons of coal were shipped from Nova Scotia under the assisted rates; the cost to the government of that day was $65,760, and the cost per ton for movement of the coal was 57·6 cents. In 1929, still under the administration of hon. members opposite, the tonnage of coal shipped from Nova Scotia under P.C. 539 was 304,744, the cost was $206,019.98 and the cost per ton 67·6 cents. Although during part of the year 1930 order in council No. 1300 applied, the tonnage from Nova Scotia under the assisted rates amounted to 371,800 tons, the cost was $214,142.58, and the cost per ton 57·7 cents. In 1931, under orders in council 539 and 1300, the tonnage shipped from Nova Scotia mines under the assisted rates was 403,976 tons, the cost to the government of Canada was $228,625.62, and the

average cost per ton was 56·6 cents. In 1932, under the assisted rates granted by this government, the Nova Scotia coal operators shipped into central Canada 711,589 tons, the cost to the government of Canada was $538,110.16, and the average cost per ton was 75·6 cents.

Mr. D. M. KENNEDY (Peace River): Mr. Speaker, the budget covers a wide field, involving many important changes. Having regard to the basic tariff and financial policies of the government, as indicated by their action since 1930, I certainly favour a number of these changes. I am prepared of course to support the tariff reductions, the income tax proposals, the wheat marketing assistance, and agricultural stabilization.

The hon. member for Shelburne-Yarmouth (Mr. Ralston) had something to say regarding the government's assistance to wheat marketing, and wound up with words to the effect that instead of gambling in wheat the government should take its loss, get out and be rid of the transaction. I do not believe the western farmers want the government to get out.

Mr. RALSTON: The hon. member should read the whole passage.

Mr. KENNEDY (Peace River): Hon. members must realize that there is a difference between what is known as gambling and assistance to provide a market.

Mr. RALSTON: Hear, hear.

Mr. KENNEDY (Peace River): I say, however, that if a farmer sells his wheat in the fall and buys options he may be accused of gambling, but in so doing he would be doing exactly the same thing as if he kept his wheat in a granary all winter, awaiting a favourable opportunity to haul it out. In effect he would be running exactly the same risk. For those reasons I believe the criticism is not well taken. Time will show, when the final figures are given to the house, to what extent the government is involved and to what extent it may lose money. But I do not believe it would be fair to say that, if the government loses some money in connection with the stabilization of the wheat market, it should be condemned. Undoubtedly the stabilization of the wheat market is of vastly greater importance to the three western provinces than it is to the rest of Canada. However in ascertaining whether or not a certain policy is fair to the whole country one must consider all factors, one must balance all the policies of the government, and their advantages or disadvantages to every part of Canada.

There can be no doubt that tariff legislation is of more advantage to Ontario, Quebec and British Columbia than to the three prairie provinces. It is possible that when the maritime provinces advanced their claims for additional moneys and bonuses by way of freight rates, the western provinces may have felt that the maritimes had received special consideration. It is possible that the maritimes may feel that in connection with wheat stabilization the west is receiving special consideration. I say, however, that if we are going to be fair to every part of Canada we must consider not one policy, but the combination of all policies, and do our best to weigh their advantages and disadvantages. The business of the government and parliament is to see that so far as possible the advantages and disadvantages balance so that the various parts of Canada may share equally. I believe I would be stating the opinion of the maritimes as truly as the hon. member stated the opinions of western farmers if I were to say that the government should pull out and take its loss, so far as the maritimes are concerned. Were I to take that stand I would be as near the truth as was the hon. member when he said that the western farmers want the government to pull out of the wheat market altogether. Certainly that is not so, as far as the farmers in my constituency are concerned. I believe the stabilization fund will be of some advantage. There is no question that it was the loss due to exchange that put the cooperative pool practically out of the business of shipping cattle to the old country. Even if it were one hundred per cent true that the cost of paying this amount to those who undertake to export cattle, getting rid of the five per cent surplus, must be borne by the ninety-five per cent of the cattle sold in Canada, it would in my judgment still be a substantial advantage to the farmers of Canada. For it is a hopeless task to try to market ten head where are are only purchasers for nine. Whether or not some day, under conditions where supply and demand are just about equal, we will be able to work out something better in price control, this is the only thing possible to-day.

I want to refer in passing to the question of the royal commission on banking. The Macmillan committee in the old land found its terms of reference, which appear to be fairly wide, were still not wide enough to enable them to deal with the issues they thought it necessary to deal with. I want to call attention to a few words in the concluding note of the full committee:

> We have now completed all the recommendations which we are able to make for remedial action by the monetary machine itself. If our recommendations relating to international action are given effect, we should hope for a great improvement in the situation in due course. If, however, progress along these lines is delayed or if the action taken is insufficient, we believe that our own monetary authorities will not be able to remedy matters without assistance from changes in other non-monetary factors by which the volume of our domestic output and employment, and in particular our balance of trade, are also much influenced.

Several members of the committee made additional recommendations. I say that as a result of that experience we should see that the terms of reference to the banking commission do not confine the commission to inquiring into banking alone, but if certain changes in monetary policy are found desirable then the commission should have reasonable power to enable them to deal with these other matters as well, as far as they are directly connected with changes they may recommend in monetary policy.

Now, Mr. Speaker, I agree with a good deal that has been said about the budget. I have already stated that I am supporting certain matters initiated, and certain policies embodied in the budget. But it is a deflationist budget. That is made quite clear by certain words of the Minister of Finance (Mr. Rhodes) and on that ground we challenge it. It is said that Naaman the Syrian, captain of the hosts of the king of Syria was a great man with his master and honourable. He was also a mighty man in valour but he was a leper. The budget is a comprehensive review of Canada's financial situation, it proposes many changes of importance, some of them good and some not so good, but it is a deflationist budget. I do not agree with those who say that in Canada we are bound up altogether with world conditions and that we can do nothing by ourselves. I cannot agree that the policies of the government alone are entirely to blame for the present price levels and the present situation in Canada. But it is taking a hopeless position to say that because of world conditions we can do nothing. It is just as foolish as to say that everything that has happened in Canada in the way of distress and unemployment is due to the policy of this government or any other government. We must consider what we can do on our own part with regard to money, with regard to tariffs, as well as what we can do in cooperation with others. And the test to be applied to any government is whether, of itself as a national government, it has taken action along the lines it should, and whether in addition to that it has offered cooperation along the lines best calculated to improve the world situation and the national situation as well.

I have said that the budget is based on deflation. This is clearly shown by the words of the Minister of Finance as reported at page 3208 of Hansard:

> During the past year Canada was the only foreign country that was able to borrow in the public markets of the United States.
>
> This enviable position has been and can be held only by the maintenance of sound financial and monetary policies. Much has been heard in recent months about inflation. Some of the advantages claimed for inflation may seem alluring to industries harassed by falling prices and declining turnover. But let the sponsors of inflation never forget that apart from the other difficulties and dangers involved in their program, one inevitable result would be a flight from our dollar, a withdrawal on a large scale of the capital invested by foreigners in this country in the form of securities and bank deposits. There are also to be considered internal reactions to any steps which might impair confidence in a country's currency. Against policies which might lead to such dangers, this government has resolutely set its face.

Now, Mr. Speaker, I think it can be said, if that defines the government's position correctly, that the government says we will have no inflation. They stand, for the present at least, by the deflation of recent years, which in three years since 1929, in credit and currency amounts to approximately $700,000,000. We have challenged that policy by an amendment, calling for controlled inflation. Those who stand by the gold basis, as far as it has been possible to stand by it—but I do not think we can take that position very seriously, since so many nations have abandoned the gold basis—but those who stand by it in theory seem to think it is a limitation on the amount of currency that may be issued, and so prevents uncontrolled inflation. I do not think, however, that inflation and deflation are necessarily tied up with or free from the gold basis at all. I think you can have both on the gold basis, if any country to-day is on the gold basis. What is inflation and deflation? The best definition that I have come across is given by Doctor Marvin, the econo-

mist of the Royal Bank. In a few sentences he gives us inflation, deflation and stabilization. This was an address delivered, I think, in Montreal about two years ago:

When credit was expanding at the same rate as production, the price level remained steady. It is true that the price level depends upon the ratio of credit and production. When credit expands excessively, prices rise, and when credit is unduly contracted, prices fall. When the volume of credit is kept proportionate to the volume of production, prices remain stable. These last three sentences constitute the whole story of what was wrong with the engine and tell how distribution can again be made to function.

Irving Fisher, in chapter III of his book on The Money Illusion, answers the question, Why does money fluctuate? He says:

The question now arises, Why does money thus change in its buying power? The answer, in brief, is "relative inflation and deflation." The emphasized word "relative" means inflation or deflation relative to the volume of trade in any given period.

There are two or three things that enter into the question of the variation in the purchasing power of money. When we say money we mean the money that circulates, whether based on bank credit, figures in bank books, actual currency, silver and copper coins; it is all money, all buying power. Inflation, then, is simply an increase in the volume of money, and the velocity of circulation as well, relative to the amount of goods and the state of trade in the country. Deflation is simply the opposite, and it is because we have had so much deflation since 1929 that we are calling for a controlled inflation at least back to the place we held, so far as credit was concerned, in 1929. For the moment I am not arguing that this was the only factor that helped break prices. It has been said that we have everything in Canada now that we had in 1929 except the flow of money, but that is not right. We have not the demand for wheat that existed before 1929, but simply because the world demand for wheat fell off I do not see that we should superimpose on the industrial structure of this country a ruinous policy of deflation, and thus intensify the depression. If our farmers were to take that position and stop raising the amount of wheat they have been raising what would happen? If our railways were allowed to cut off services what would happen? If our medical men cut down the service they give simply because they are not getting the returns they received previous to 1929 what would happen to the health of our people? If the lawyers took the same position what would be the result? Why should we not look for something in the nature of stabilization, when so many economists tell us that the volume of money in circulation determines what will be the price level? This is an important factor, though it does not determine it absolutely. Instead of a policy of deflation I think we should have had an attempt on the part of the banks to keep money in circulation.

What are the arguments against reasonable inflation? The Prime Minister (Mr. Bennett) stated in Toronto some time ago that those who were supporting inflation were calling for something like what happened in Germany during and after the war. There is no doubt that there are dangers in connection with inflation, but there are other and perhaps greater dangers in connection with deflation. We cannot get away from danger; we must try to adopt a reasonable course. My hon. friend the Minister of Finance, in his speech in London last December, pointed out that Canada should not depart from the position of sound money; he said that if our dollar were on a parity with the pound sterling for twelve months it would cost Canada approximately $150,000,000. The hon. gentleman was supported in that statement by Sir Thomas White, and a few days ago in Winnipeg we had the statement by Mr. Jackson Dodds, manager of the Bank of Montreal. He held up some stamps that were taken off letters which came from Germany in 1923, at the height of inflation; he said we might expect to pay a good many dollars to send a letter around the country if we adopted a policy of inflation.

I contend, Mr. Speaker, that it is utterly ridiculous to argue that because Germany inflated in that way we should not reflate or inflate back to where we stood in this country in 1929 with regard to the volume of credit, without running the same risk. If we did that and we had the same fall in the dollar that took place in the mark in Germany, wheat would be worth $716 a bushel.

Mr. COOTE: It would not take long to pay off the mortgage.

Mr. KENNEDY (Peace River): John Maynard Keynes, in his book Monetary Reform, states that Germany's pre-war currency totalled six milliard gold marks, an average of about $25 per head. In 1920 it totalled eighty-one milliards, and by August of 1923 it had increased to 116 thousand milliards. Is it fair to say that because Germany did that in the years 1920 to 1923 we would do the same thing in Canada? Every nation inflated during the war; Canada, the United States and Great Britain, yet nearly every nation was back on the gold

standard by 1925. They did not allow it to go uncontrolled. What was the position of Germany? She started her inflation in earnest after she was defeated. I refer again to John Maynard Keynes, in his book, The Economic Consequences of the Peace: All her fleet was ceded to the allies, together with her overseas possessions and property. The allies reserved the right to retain and liquidate all property rights and interests belonging to and controlled by German nationals within the former German colonies. In Alsace-Lorraine the same provisions applied; the allies reserved the right to retain and liquidate all property rights and interests belonging to German nationals in their territory. Article 260 of the financial clauses provided that the reparation commission might demand within one year the expropriation of German nationals and the delivery to the commission of any right and interest of German nationals in any public utility in China, Turkey, Austria, Hungary and Bulgaria. Germany renounced her right to any participation in any financial or economic organization of an international character operating in any of the allied or associated states, in Austria, Hungary, Bulgaria, Turkey or any dependencies of those states, or in the former Russian empire. One-way tariffs were established between Germany and Alsace-Lorraine. Upper Silesia, with a plebiscite ceded to Poland 22 per cent of the German output of hard coal, and the Saar mines were ceded to France. It has been said that Germany was built on blood and iron. That is not so; Germany was built on coal and iron. The Rhine, Upper Silesia and the Saar made possible her steel, chemical and electrical industries. The total reparation bill was $40,000,000,000, and under these impossible terms she inflated and absolutely wiped out all her internal debt. She was the same credit risk after the war that a man would be who had been convicted of some heinous criminal offence and against whom a judgment had been issued for three or four times what he was worth, with practically all his civil rights taken from him. Would anyone say that Canada today could be compared to Germany at that time? That will not go; some better argument than that will have to be brought forward. We have inflated under the stress of war and other national circumstances, and we did not let it get out of hand. There is no reason in the world why we should not do what we can to raise the price level, through our monetary policy, by a reasonable inflation in Canada, though I do not say that this would cure all our troubles at once.

[Mr. D. M. Kennedy.]

The next point, of course, is to what point we should inflate. When would you come to the point where you would stop inflation and, if possible, attempt to control any further increase in prices? I think Sir Josiah Stamp said that point would be somewhere around the average of 1924 to 1928. In any case it must be a place which will establish a reasonable parity between the earning power of the people, the expenses of government and the debts of the country, private, municipal, provincial and federal. What was wrong with the conditions existing in this country between 1924 and 1928? We were able to balance government budgets, no matter whether those governments were Liberal, Conservative or Farmer; we were able to advance reasonable public works, railways and municipal improvements, and I do not believe the creditor class suffered particularly because of the fact that the purchasing power of money was not what it is to-day. I do not think there is any question of the fact that during that period we had a reasonable parity between the general price level and our debts, the cost of government and so on. I submit therefore that that would be a reasonable point to aim at. I do not know whether experience will show that we can get there; we cannot get there so far as wheat is concerned. I am certain, however, that even if we cannot get there with regard to wheat, this country dare not liquidate on the basis of the present level of wheat prices. The statesmen of Great Britain as well as of Canada have recognized that. We know that to bring other commodities down to the level of wheat prices, to bring wages down, would mean absolute ruin to the country. In Winnipeg the other day Jackson Dodds said that we should have to do that, among other things. He said:

> "Before better times can come," he added, "competition in depreciation of currencies must cease; international debts must be adjusted. tariff barriers which have been erected beyond peace time needs must be lowered reciprocally, permitting of exchanges of goods, and payments in goods; government expenditures and taxes must be decreased; budgets must be balanced —which in our own case include federal, provincial and municipal—wages and prices must be brought into proper relationship again, so that prices received by farmers and other producers of raw materials may be brought into balance with prices of products of the factory, thus restoring activity and employment in cities and so increasing the demand for the products of the farm and factory, providing traffic for railways and ships. . . ."

Such a policy would greatly increase our debts.

An hon. MEMBER: Hear, hear.

Mr. KENNEDY (Peace River): My hon. friend says "hear, hear." Well, the significant part of the debt of the country is not what the hon. member for Shelburne-Yarmouth pointed out, that there has been added to the national debt within the last three years or so about $400,000,000. What is of significance is that all debts have been doubled—not the $400,000,000, but all debts—because of a drop in commodity prices; and if we must drag down labour, if we must drag down factory prices to the level of wheat prices as they are to-day, then we are also going to drag the creditors down without any question. It means therefore wholesale liquidation, and we cannot do it without increasing our debts in the first place. It is possible that if nothing can be done to increase the prices of primary products we shall be forced to do that, but it will mean a tremendous sacrifice and terrible hardships so far as the Canadian people are concerned.

The Prime Minister himself indicated this pretty well at the Imperial conference. I quote from Annex III, statement made before the committee on monetary and financial questions by the Prime Minister of Canada, the Right Hon. R. B. Bennett:

> Canada, like all other countries, has suffered severely from the calamitous fall in commodity prices. Since August, 1929, our index of wholesale prices has fallen 32 per cent and is now only 4 per cent above the pre-war level. This means that the dollar has increased in purchasing power by 48 per cent. As a result of this rapid and persistent decline in the general price level and the inevitable disparities created between different kinds of prices, normal business relationships have been disrupted, profit margins have disapeared in many cases, enterprise has been discouraged, unemployment has steadily increased, the fiscal problems of all our public bodies have been greatly aggravated, and the burden of fixed charges is exerting an almost intolerable pressure upon some of the strategic elements in our national economy. . . . Interest charges represent the most important of the fixed or semi-rigid element in our cost structure. If prices remain on their present level, such charges will constitute an intolerable or almost intolerable burden in many cases. Even if it can be borne, the fortuitous gain to the creditor of 40 to 48 per cent in general purchasing power above what he contracted for appears to be a grave injustice.

I agree with that, but judging by some statements that have been made subsequently, I take it that the government has not thoroughly grasped the gravity of the injustice. There is one statement made by Jackson Dodds with which I heartily agree, because it is a satisfactory statement.

Mr. SPENCER: Only one.

Mr. KENNEDY (Peace River): Just one. He says:

> "It is an elementary fact," he remarked, "that one must return whatever one borrows—whether it be a book, a lawn-mower, a guinea or an American dollar. No abstruse question of exchange enters into it so far as the lender is concerned; he merely wants back what he lent, plus the hire of interest according to agreement. Certainly we in Canada would not have accepted at par German marks. . . ."

Now that is exactly what we want, and it is because we believe that deflation in Canada has made it impossible to pay back the kind of dollars we borrowed that we want inflation. We do not borrow dollars to eat; we borrow dollars to buy food, clothing, lumber and so on, and other necessaries of life. A reasonably honest dollar, a sound dollar, is one which you can borrow at the beginning of the year and repay at the end of the year, being sure that its purchasing power will remain the same or reasonably the same; and it is because the present dollar does not do this that we are opposed to it.

What is sound money? I have been trying, in all the speeches I have read and in the various declarations that have been made in this house, to find out what sound money is. It is not the kind of money we have in Canada to-day, because the Prime Minister himself said that the present situation was a grave injustice to those who had borrowed money; and you cannot have a sound monetary policy nor sound social conditions based on a grave injustice. The only sound dollar is the dollar that is within reason stable in its purchasing power from year to year. We believe that at least a reasonable inflation will tend partly to bring that about—it will not do it alone, but it will tend to do it in part—and that is why we are asking for reasonable reflation or inflation.

Sound money is just a catchword. I remember I used to argue years ago with a socialist friend of mine in Alberta about socialism, and when I began to ask him questions he could not answer, he always ended up by saying, "It's the hell of a system we are living under." I could not answer that; it was not an argument.

An hon. MEMBER: It was a description.

Mr. KENNEDY (Peace River): We find another catchword in the Acts of the Apostles. The silversmiths met together when they found that Paul was telling the people that the silver images they were making were not gods, and Demetrius got his followers together and said, "You had better come with me and we will protest against this heresy of Paul's. We are

going to lose our wealth. Great Diana's temples will be destroyed." And so they shouted, "Great is Diana of the Ephesians," and the whole city was filled with confusion. After all, sound money is just a catchword, like this cry about Diana of the Ephesians and the other expression of my socialist friend, to which I have referred. If anyone can tell me what sound money is and it is not money that has the same or reasonably the same purchasing power year after year, then I shall be greatly surprised. To me at any rate that is sound money.

I have about ten minutes left and I want to deal with the flight from the dollar and the flight from the pound, and after that I want to deal with the question of paying our debts in the United States. There was a flight from the mark in Germany owing partly to the piling up of troubles saddled on Germany by reparations. Germany was able to pay reparations so long as she could borrow twice the amount from the United States, Great Britain and other countries, from 1924 to 1929. Whenever she was unable to borrow, owing to the boom in New York, and could receive no further loans from that centre, Germany could not pay reparations. G. D. Cole, in his book on The Guide Through World Chaos, shows that Germany borrowed $750,000,000 between 1924 and 1929. Great Britain tried to come to the help of Germany and as a result of that she saved Germany for a time, but Great Britain herself was dragged into difficulties. These countries experienced the flight from the mark and the flight from the pound under the gold standard. When Britain went off the gold standard, the flight from the pound was stopped. Britain made desperate efforts to stand by the gold standard; she borrowed first £50,000,000 and then later £80,000,000, but it was gone in a few days. Finally, in spite of the recommendations of the Macmillan committee, in spite of her credit position in the world, the loss of which meant a loss to her because debts due her were payable in sterling, Britain went off the gold standard, stopped the flight from the pound and to-day, while economists and bankers were afraid of the result, Mr. Keynes, in his Halley Stewart lectures on world economic crisis, calls it "That blessed event that broke the strangling power of gold so far as Great Britain is concerned and stopped the fall in the price levels of Great Britain's commodities." With the experience of Australia and Great Britain we need not fear the flight from the dollar.

Has the government itself not taken action that might cause a flight from the dollar, if it were a real danger? What about lowering interest rates? What is the difference between getting three per cent on a sixty-five cent dollar or two per cent on a one hundred cent dollar? Even if inflation does lead to a further devaluation of the Canadian dollar in relation to the United States dollar, I am going to argue that this does not make it harder to pay our debts in New York; it does not make it harder to pay our debts anywhere abroad, but it will actually make it easier. I am going to go as far as I can before my time has expired and then I shall take up the matter at some other time. In the British note to Washington, that is the one of last December, they show how debts are paid abroad and I think this makes the matter so clear that it is worth while putting it on record:

> Repayment of these war debts necessitates unnatural transfers which provoke widespread economic evil. In so far as they have been paid in the past their payment was made possible directly or indirectly by further foreign lending on the part of creditor countries which temporarily conceal but eventually aggravate the difficulties.
>
> In the long run international debts can only be paid in the form of goods or services. But as the Basle report of August 18, 1931, truly pointed out "in recent years the world has been endeavouring to pursue two contradictory policies in permitting the development of an international financial system which involves the annual payment of large sums by debtor to creditor countries while at the same time putting obstacles in the way of the free movement of goods."

So there is no question about the fact that if we pay our obligations abroad, we pay them in goods or services. When we pay in New York we pay by buying exchange, either in Britain or New York or anywhere else, that can be transferred there. When we sell wheat or cattle or services from Canada on the markets of the world, the question of what our dollar is worth or at what point it stands has no relation to what we can get for those commodities or services. What we get for them is in reference to their intrinsic value, following the law of supply and demand, on the markets of the world. Because of that fact and that the lowering of the dollar will decrease the cost of production of commodities and of giving service, at least for a while, I submit that the devaluation of our dollar will not make it harder but will make it easier to pay.

I have just one other point and it will take me about two minutes to make it. In Canada our net production last year was something about $3,000,000,000. The hon. member for Shelburne-Yarmouth the other

day told us that Great Britain's price level was about fourteen per cent higher than ours due to a rise in Great Britain and a drop in Canada. This was done by monetary policy in Great Britain. I do not think the tariff could have had any effect or this would have been effective in Canada. The chief difference between Great Britain and Canada is a cheap and abundant monetary policy. If we could increase the value of our net production by fourteen per cent, this would increase the return to this country on primary products alone by almost $350,000,000, but it would affect all the other transactions maybe two or three times that. Yet we are told that lowering the dollar to around sixty-six cents instead of one hundred would mean an additional payment of $150,000,000 a year in New York. What I want to ask is: Is it good business to increase your income by at least $350,000,000 a year in order to pay out $150,000,000 additional? I submit it is.

Mr. JOHN T. HACKETT (Stanstead): Mr. Speaker, about two or three weeks ago the Minister of Finance (Mr. Rhodes) gave us a statement of the country's affairs. He gave us a detailed statement of our expenditure for the past year, an estimate of our expenditure for the current year and he told us of the ways and means to which he intended to resort to raise the money necessary to carry on government during that period. A few days later the hon. member for Shelburne-Yarmouth (Mr. Ralston) replied on behalf of the opposition. He chided the minister for failing to balance his budget; he told of increased debt and of increased expenditure. He criticized the government's aid to the wheat growers of the west, its relief program, its railway policy and condemned in detail and en bloc everything that the government had done. He accused the administration of lacking in leadership, of temporizing futility and in a final flight of rhetoric, he invited it to come out of the dugout of fear. According to standards which are applied to parliamentary utterances, I am willing to say that it was a good speech, a good partisan speech, and I have no complaint to make either of the form or of the substance of the speech, but I sometimes wonder whether this form of government, of government on party lines, is not a little threadbare. I sometimes wonder if the time has not come when, whatever may be our tendencies, our inclinations, or even our habits, we should forego this type of party strife. I shall try.

I shall not attempt to review all that the government has done in the last three years to cope with the very difficult situation which is not only ours but that of every country in the world. One can summarize, very roughly, what the government has undertaken under two heads. First, the emergency program, second the program for permanent betterment. By emergency I mean those undertakings which the government put on foot to delay and prevent the further disintegration both of society and of business.

An extraordinary session was called to this end; during that session extraordinary measures were taken. Some hon. gentlemen will not agree that those measures were wise, but whether or not they were wise, they were definite, they were concrete, and they were carried out in fulfilment of definite undertakings. There is a large body of public opinion in Canada which believes that, however useful or however useless tariffs might be, it was necessary that this country be protected by extremely high tariffs for a time at least against the dumping from other industrial countries. Whether hon. gentlemen believe in those enactments or not, they will admit that those tariffs were high, and that they did produce the effects which were expected of them. They did give employment to our industrial population by excluding from our markets commodities which were manufactured in other countries under other conditions, where wages and living conditions are entirely different.

Further, at that session moneys were voted to help those who were entirely out of employment. A program of public works was initiated and carried out. Legislation was passed which was used to extremely good advantage. I do not think that anybody denies that when England went off the gold standard we were enabled to protect our gold supply by invoking wisely conceived legislation which had been passed in anticipation of some unforeseen and unforeseeable event. We derived further benefit from that legislation when insurance companies were permitted to value their securities at a date when they had a value, rather than at a date when prices and values were unknown quantities. These I say were useful measures, useful emergency measures which were taken, and taken promptly by the government.

Obviously permanent changes in the business structure of the country are far more difficult to enact, yet when the government is accused of inaction, is it not fair to ask hon. gentlemen if the charge can confront the facts?

The greatest problem which confronted Canada was the railway problem. I am not enamoured of the solution which is being given to that problem, but nevertheless, I

ask, Mr. Speaker, if the problem was not manfully tackled and skilfully handled. There are those who complain to-day that the government has not healed this running sore. There are those who criticize the government because millions are still required each year by the government railways, but may I ask: What is it possible to do? Who has suggested any possible remedy which would enable the government to escape from the liability of its endorsement of the Canadian National bonds? Has the Canadian Pacific Railway ever offered to assume the liabilities of the Canadian National? Let us merge these railways; let us give them away; let us wash them into the sea, but the burden of $60,000,000 to $70,000,000 of interest due each year will remain. I have given no small amount of thought and no small amount of honest endeavour to the study of the problem. I fail to see how any action that the government might have taken in the last three years at the dictation or invitation of the most wise could have delivered this country from the burden which weighs upon it to-day. It is suggested by some that we might repudiate the obligation. Fortunately that suggestion is not very seriously taken, nor made by anybody who is very serious.

But, Mr. Speaker, I would like parliament and the country to realize that however, manfully and fearlessly the government might have wrestled with this problem, it could not have done away with the railway debt which is Canada's debt, assumed by the people of Canada. The only possibility of relief from this burden lies in increased revenue from the railways and increased revenue from the railways can only come with increased tonnage and increased business. I think, Mr. Speaker, that not only in this country but in all countries men of good will are seeking for that specific which will bring back business and bring back tonnage not only to our own railways but to the railway and other transportation facilities of the different countries of the world.

We hear a great deal in this house about banking and currency. I am not of those who are skilled in the arts of the economist. I listen in reverential awe every time that an economist tells us that we can make ourselves rich by writing promissory notes, and that it is now possible to lift oneself by his boot straps. I have but very scant faith in short-cuts back to prosperity. In my view the way will be long, those who travel it must know industry, frugality, possibly penury. The government is providing an opportunity to examine the monetary, banking and currency questions. The bankers and all interested will have an opportunity to suggest any and all specifics which may possibly yield a remedy. I contend it is not quite fair to say that the government has been entirely supine, that it has been negligent of the requirements of the country or deaf to the prayers of any section.

What about the trade agreements? Were they not conceived in the highest patriotism? Was the opportunity for their perfection not brought about by skilful, courageous and constant negotiations? Have those trade agreements not yielded a return, or have they not justified the hope for permanent betterment which was incident to their signing?

Mr. YOUNG: No.

Mr. HACKETT: The hon. member says no, and is entitled to his view. I think however he will agree at least that the majority in the house feel his decision has been taken a little too hastily. I for one believe that the faith, good will and spirit of sacrifice which characterized the signing of the agreements will not be entirely fruitless. I believe that the men who met in Ottawa, in an honest attempt to solve the difficulties of that portion of the world which they represent, came with a fund of information and experience, and an intent to deal fairly with all, which must bring good results.

There is one policy of the government which is bound to be of definite assistance: I refer to the back to the land movement. Many hon. members who have spoken concerning this movement have shown little faith. Only the other day the hon. member for Willow Bunch (Mr. Donnelly) said, "You cannot expect to make a farmer out of an artisan who is out of a job." He went on to point out that probably the agricultural population had greater grounds for complaint than had any other element in Canada. I ask the house to consider, for a moment, the trend of events in Canada during the last fifty years. Fifty years ago only eighteen per cent of our population lived in cities and towns. Thirty years ago only thirty-seven per cent had gone to the larger centres of population. But the census taken only a year ago shows that 5,572,000 Canadians were urban dwellers, whereas only 4,800,000 were on the soil. How long can this progression from the soil towards the city continue? Is it not evident that of necessity there will result an unbalance and disequilibrium which, as in all cases of lack of equilibrium, is bound to manifest itself in an upset. Is it possible that we can take away

from the land a greater and greater number of people, and still maintain the strength and the poise characterized by perfect equilibrium. It is true that life on the land has not always been attractive, and that to-day the prices of farm products are extremely low. Yet, should we not recall that regardless of the fact that there is no money, regardless of the fact that there is a fair amount of drudgery, —and then some—the population on the land is the only population in Canada which is certain of food, shelter, clothing and fuel. True, there have been areas, such as that in Saskatchewan, which through an unusual occurrence were denied any returns from their fields. That condition was dealt with in an unusual way. I submit however it is true that on the land there is shelter from the economic storms which is not found in the cities and towns. I do not suggest that these men should return to the land to make fortunes by selling vast crops in the world's exchanges, or that they should return to enable the manipulators to make fortunes, but that their return should be for the purpose of supporting themselves and their families with the food they can get from the land. The plight in which hundreds of thousands of Canadians find themselves to-day, having to depend upon sources other than their own earnings for the food necessary to keep body and soul together is devastating. There comes from the very acceptance of that type of support a disintegration in the fibre of a people which is regrettable, and which is bound to manifest itself in a weakened spirit in this and future generations. I submit that back to the land is the most hopeful outlet from this dismal position in which we find ourselves at present. We are now at the spring of the year, and I ask the government to encourage the provincial and civic authorities to help the many thousands of people in the cities who were raised on the land to get back to the land. It is not necessary to take them away to remote regions; there are numerous opportunities in proximity to the large centres for a man to cultivate ten or twenty acres and provide himself and his children with the necessaries of life. I thoroughly believe that by disembarrassing the cities in this way, relieving them of the intolerable burden that now rests upon them, much can be done to overcome the present depression. We find in the United States cities like Chicago and Detroit—unfortunately we have them within our own area—which are on the verge of bankruptcy. Some have even failed to meet their obligations, because of the money they have been forced to spend to provide food for their citizens. It may mean a return to a more frugal mode of life, but what of that? It may mean a lesser margin for luxury, but what of that, when starvation seems to be the alternative? I submit, Mr. Speaker, it is impossible for this country to continue much longer the generosity—that may be an improper word—of the dole that has been meted out for the last three or four years. It is beyond our resources; the substance is not there for it.

One other matter about which I should like to say a few words is expenditure. Many people wince to-day under the burden of taxation. Others find in a disinclination to pay taxes what they take to be the growing pains of statesmanship. They say, why should the government levy $70,000,000 additional taxes? Why does not the government stop spending, retrench to the extent of $70,000,000? I have pointed out the futility of that suggestion with regard to the railways, but one sees in the press news items and editorials which take the view that increased taxation is not necessary, that the budget could be balanced by reducing expenditure. I think it well that the people should have these facts placed clearly before them. This year we have estimated that the cost of government will be $445,000,000. Of that sum $369,000,000 represents ordinary expenditure. Every penny of that amount, less $143,000,000, is a fixed charge, something that cannot be escaped, something that is nailed down. We find among the items which constitute this total $138,000,000 of interest charges. There is a deficit on the Canadian National Railways of $55,000,000; pensions and soldiers' care, $58,000,000; subsidies to provinces, $15,000,000; old age pensions, $12,000,000; unemployment relief, $35,000,000. We find that of the $143,000,000 which is controllable nearly the entire amount represents services. In the abstract everybody wants expenditure reduced in order that taxation may be reduced, but everybody does not seem to be aware that nearly that entire amount is spent in wages paid to somebody, and that when it is reduced—and it is being reduced by $14,000,000—somebody gets less wages or loses his job; and when somebody loses his job he is another candidate for the dole. These services are possibly wise, possibly useful; at any rate we are wedded to them, we want them, we complain if they are taken from us. Looking over some of the possibilities of curtailment—my hon. friends opposite and even my friends on this side will see that I have been indiscriminate in the selection—I find for instance that the Receiver General has an office in every one of the nine provinces. In Montreal his office is in the offices of the City and District Savings

Bank, who perform the service for $25,000 a year and lose money on it. Is it necessary that there be an office in each of the maritime provinces? Of course not; there is more business done in three weeks in the Montreal office than there is in three years, I was going to say, in the maritime provinces—

Some hon. MEMBERS: Order.

Mr. HACKETT: But attempt to take away one of these offices, and you will be opposed with much vehemence by my hon. friends from the maritime provinces, on both sides of the house. And if one attempted the same thing in the prairie provinces the result would be similar. I merely take this as an example to show how difficult curtailment is, although it be necessary. Everyone knows that the estimates of the Department of Agriculture have suffered a considerable reduction: $2,792,000 have been taken from its estimates since 1930. We know that the department gives excellent service. Take the experimental farms; they are useful, well manned, economically run, but the question is, can we afford them? Yet try to close up one and find out what would be the attitude of the area it serves. The same is true in regard to forestry; both agriculture and forestry are essentially within the ambit of provincial activities, yet the federal government spends large sums of money in that work. If an attempt were made to reduce those services I fear there would be much discontent.

Let us move to national defence. I dare say the number of units could be reduced without materially interfering with the efficiency of the service as a training or fighting agency, yet if either party attempted to curtail or restrict or do away with any of these units there would be much ado. Old age pensions and war pensions make heavy demands upon us. We recall that a few years ago pensions were increased because of the increased cost of living. Now that the cost of living has fallen is it not possible to make a corresponding reduction in pensions? We all know that anything affecting the returned soldiers is an extremely difficult and delicate matter to deal with, yet I submit to that gallant body that someone must lead the way. Everyone wants reductions but no one wants to give up very much himself; he wants the reduction to be made at the expense of someone else. Bondholders are receiving 4½ per cent, 5 per cent and 5½ per cent to-day. They may not be anxious to take a lesser return, but it may be necessary for them to do so at an early date.

Much has been said about the tax on sugar. It is unfortunate that a commodity so universally used and so vitally necessary should be taxed, yet I think there are possibilities of good even in this tax. I would suggest to the government that they cause to be printed small tags indicating that this tax is to be used in aid of the Canadian National Railways, let us say; one of these tags might be attached to each package of sugar so that the individual buying the sugar would realize that the government is not a beneficent Santa Claus but that expenditures made by the government must be met by taxation.

I am one of those, Mr. Speaker, who believe that our government—and I say this without regard to party—has followed a protective, paternal, socialistic theory which seems to permeate the whole administrative fabric. Unless we are willing to turn sharply to the right we will find that our charges will continue to increase. Every politician knows before he is out of his nonage that it is impossible to cut sheer across either the history or the habits of a people and start afresh from a clean edge, but I submit that unless the people of Canada are willing to depart from the principles of socialism which they have introduced into their government by socializing their means of transportation, their means of communication, their production of power and to some extent their methods of buying and dealing in certain commodities; unless they are willing to do something to resurrect the rugged individualism of the past, we can only expect to follow the course of those nations that have yielded to this insidious doctrine and that to-day are under the control of dictators. If our people can be made to realize that services must be paid for, and that the people must pay for them, they may be willing to yield up in aid of economy a good many of the excellent services which are being lavished upon them at the present time, not because those services are not well administered, not because they do not add much to the ease of life, but because at the present time the Canadian people cannot afford them.

Mr. CHARLES BELEC (Pontiac): Mr. Speaker, I feel it my duty to my constituents of the great county of Pontiac to give an account of my stewardship. First I should like to congratulate the Minister of Finance (Mr. Rhodes) on the exceedingly able manner in which he presented his budget to this house on March 21. I am strongly in favour of that budget and of the policies of the right hon. Prime Minister (Mr. Bennett), whose courage and ability have done much to see Canada through this time of crisis.

The county of Pontiac, Mr. Speaker, is one of the largest counties in Quebec, if not in Canada. It is rich in minerals, water power, timber and agricultural products, and particularly in red blooded Canadianism. We have the sturdy sons and graceful daughters of those brave pioneers who did so much to build up our country. With such worthy, true citizens I believe we need have no fear for the future, because in the past few years we have overcome obstacles greater than ever confronted us before.

I have such a diversified county to represent, Mr. Speaker, that I must divide my speech into two parts; first I will deal with the mines and then I will have a word to say with regard to agriculture. First, however, I should like to say that in my opinion the coming year will see heavy orders for lumber placed in Canada by Great Britain. Russia has been supplying Great Britain's wants to our disadvantage, but I have reason to believe that this condition will not exist much longer. Already the agreements arrived at here in Ottawa are building up our trade, especially in agricultural products.

There are two matters of wide interest to my constituents which I should like to discuss at this stage of my remarks, and first I should like to refer to the highway between Sheenboro and the Timiskaming district. I was in hopes that the provincial government would take advantage of the Dominion unemployment relief scheme to build up this highway. It would afford employment to a good many and open up a large forest and lake region, establishing communication between old Pontiac and Timiskaming. It would shorten the travelling distance between these two points by many miles and our people would not have to leave their own county to make the trip. Then in regard to the back to the land movement, Mr. Speaker, I want to say that I was amazed when I listened to the speech delivered by my hon. friend for Temiscouata (Mr. Pouliot) with respect to the back to the land settlers. I have received many letters from settlers stating that they are well pleased with the treatment they received and are now receiving. In Riviere Solitaire, Lonely River, region over 400 families settled there since early last spring. They have a parish priest, a hospital with good equipment, and two post offices are to be established shortly. I visited that region, Mr. Speaker, long before there were any settlers, and I was amazed to see the large tract of land, thousands of acres, and if it were cleared it would make the best farming section in the province of Quebec.

I want to tell the house that I have the biggest county in Canada. I visited every corner of it last summer and I was glad to go to the mining section where there is no depression. Quebec's gold production—all in the county of Pontiac, amounted to 401,105 fine ounces last year. This was an increase of 34 per cent over 1931. The Noranda copper mine is the large producer, and the Siscoe, Granada and the O'Brien Cadillac all showed an improvement in output last year. In addition, considerable active prospecting was carried on, and at the Beattie property a large low-grade gold mine will commence production early in 1933; an 800-ton mill was completed, and low cost of operation is expected.

Last year, as I have indicated, the production of gold in Pontiac county totalled 401,105 fine ounces valued at $8,291,576. In 1931, the gold produced amounted to 300,075 fine ounces valued at $6,203.101. So you see, Mr. Speaker, that our great Noranda and other mines are increasing their output and doing much to relieve unemployment and bring about better conditions. Our mines have shown the ability to survive the worldwide economic crisis and great credit is reflected upon the management and employees of the mines for their successful work. In total value of output mining is exceeded only by agriculture and forestry, but our mines in Pontiac, with their many requirements for all kinds of materials necessary to their successful operation, are playing an important part in the general industrial life in Canada.

In regard to agriculture, the different countries of the world, as well as the different classes of our business interests in Canada, to-day realize more than ever that the restoration of agricultural prosperity is the first and most essential national necessity. It has been said by many hon. members in this debate that agricultural soundness depends upon the more thorough development of the live stock industry as the basis. Our soils require and demand this change. The present government are true to their promise to encourage and foster the live stock industry. They have restored a better sire policy, have bonused better breeding stock so essential to improved grade, as well as lower cost of production. They also, upon assuming power, raised the duties on poultry, dairy and other live stock products. True, our prices have been low but we have no control of world prices; therefore when there is an exportable surplus of any product, the domestic price of such product is influenced by that price. On the other hand, of the products we can protect, the price has

been maintained more nearly normal than in any other country under present conditions. For instance butter prices have been at times 10 cents per pound better than in London, England, during recent months.

The Prime Minister has made great efforts since assuming power to secure our proper place in the British market, the greatest market in the world. The agricultural stabilization fund provided for in the present budget gives direct assistance to the farmers. It increases returns to the farmer by 12 per cent, placing the value of the English pound at $4.60 by direct payment from the treasury to make up for the difference between exchange value which is now $4.10. This, it is true, is on export products only, but the price of export surpluses naturally becomes home market prices. It will therefore increase the value of a 200 pound hog at the present exchange rate and market value by $1.50. It will therefore increase the farmer's returns on one load of 15 hogs more than an amount sufficient not only to pay his sugar tax, but to buy more sugar than the average family in Canada would use in twelve months.

This should also increase the price of poultry and agricultural products in view of the fact that considerable poultry has been at different seasons of the year exported to the United Kingdom. It will be recalled that last fall 1,000,000 pounds of poultry was exported to the British market bringing reasonably good returns to the producers. Had the agricultural stabilization plan been in effect at that time, it certainly would have increased the returns substantially. It should also prove to be of real value to those in the riding whom I have the honour to represent, who are interested in cheese manufacturing as we export a large amount of cheese annually and therefore it is one product that almost at all times is priced according to world conditions and overseas markets. It should raise the price of cheese at least one cent per pound or more, which after all is an important factor in view of the present dairy situation.

It is only by more milk being manufactured into cheese that the domestic butter prices can be improved. We hear a good deal with reference to the overproduction in milk producing districts even near the larger cities such as Toronto, Montreal and so forth. This oversupply invariably forces the price down to levels that are even below the cost of production. By the stabilization fund as presented by the government, our export market for cheese is bound to be improved, thereby consuming an increased volume of milk production.

[Mr. Belec.]

It can readily be appreciated by at least everyone interested in the dairy business that it will have a stable influence on the domestic market. It will be noted that this fund is not applicable to butter exports, chiefly for the purpose of encouraging expansion of the cheese manufacturing business. It has been recognized for many years that Canada can make as fine cheese as is made in the world and has for forty years maintained an extensive foreign market for this production; while other countries with much more favourable climatic conditions can produce high grade butter more successfully and cheaper than we can in Canada. It would therefore appear that if Canada's exports of dairy products are to be increased it must be through an expansion in cheese manufacturing as well as such special products such as condensed milk and so forth. This must be done before any effort is made to develop our butter trade in other markets where that product meets with such strong competition. Every housewife in the rural districts of this country will realize that her returns in the dairy and poultry and egg products will be materially improved by this plan.

As a farmer I find myself in favour of the proposals made by the hon. member for Dufferin-Simcoe (Mr. Rowe) for the appointment of a live stock export products commission to encourage more careful and uniform grading and to ensure if possible a greater regularity of supply to overseas markets. The United Kingdom buys a large amount of foodstuffs and Canada should make every possible effort to secure markets which we lost through the carelessness of the former government.

I also believe lowering of interest rates would help agriculture a great deal. The farmer to-day is carrying a heavy burden of debt incurred when prices were much higher and is carrying a debt on those values at a very heavy rate of interest as well. I believe he is sharing an undue burden at the present time and that an equalization of conditions is absolutely essential in order that he may restore, for the common interest of all, prosperity that must by necessity be born in agriculture first.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, in rising to take part in this debate I wish first of all to congratulate the Minister of Finance (Mr. Rhodes) on the very able

way in which he presented the country's budget. Finance ministers during the present crisis have a very difficult task to perform, and whether or not we agree with the finance minister's budget proposals and his system of taxation, we must all admit that he presented the budget in an admirable manner.

This year, as during the last three years, we have unfortunately a very large deficit. I do not think any member of the house expected anything else. I do not think the government could have expected anything else; for in spite of the fact that the world is passing through a very difficult period the government I believe could not have done more to aggravate the situation than they have done in the last three years. We have only to look at the enormous increases in the tariff to see how they have helped to crush the trade of this country and what a tremendous factor they have been in reducing our revenue from customs tariffs. We have only to look at the exchange dumping duties which were imposed by this government to see at once how they interfere with the business of importers. Further, we see an enormous curtailment in bank credit. Although that may not be the direct responsibility of the government, so long as they shelter the banks in the program which the latter are carrying out, the government must bear a certain share of the responsibility. Or we might look at the tremendous curtailment which has been made in public works in the last three years. That in itself has meant a reduction in purchasing power and increased difficulty in carrying on business, which must have diminished taxpaying power. In the last three years we have had to face an enormous increase in taxation. We cannot tax a people on the one hand, cancel money out of existence when it is paid, and then expect trade to grow. So, taken all in all, I do not think the government could have done much more than they have done by their policies in the last three years to curtail the purchasing power of the people, and for these reasons, Mr. Speaker, it was not surprising to find that we have a considerable deficit. The solution of the government for this problem is heavier taxation, on the one hand, and curtailment of public works on the other. They also give advice which was perfectly right a hundred and fifty years ago in an age of scarcity, when the people were advised to work longer hours and consume less, in other words produce more and consume less. But this is an age of plenty.

We have been given figures in a tremendous amount of detail in the budget so far as cash received and cash spent is concerned, also cash borrowed and cash lent, but it seems to me that, in some respects, the budget could have been fuller than it was. For instance, we have never yet had a budget which presented to us the total amount of national production and the total consumption in Canada in a single year. Why should we not in our total assets show the following three items: total production, total appreciation, total imports; and against them the total consumption, total depreciation, and total exports. If we had those items set out in the budget we should find that Canada, instead of being a poor country as so many people think, is not only a very rich country but is getting richer every year. Canada's assets in round figures are supposed to be 30 billions of dollars. If an individual uses a good deal less of his income than he receives in the year he thinks he is fairly well off, and that is exactly the position of Canada, because she produces a great deal more every year than she actually consumes. Therefore in a commodity and service sense, if not in the arbitrary financial sense, we are getting richer every year.

The Finance minister in his budget indicated a favourable trade balance of about $70,000,000, and he seemed to be pleased about it. Personally I think that if we took all the trade figures into consideration we should regret very much the questionable showing. For instance, while the government boasts of having a favourable trade balance of $70,000,000 we have to admit, on the other hand, that our export trade has suffered a drop to the tune of $250,000,000. If we go on at that rate it will be quite possible eventually to have a favourable trade balance of $100,000,000 and yet do much less trade than we have done even in the past year.

There are certain things in the budget which I am very glad indeed to support, and I express my appreciation for their inclusion. First of all I want to congratulate the government upon deciding to appoint a royal commission to look into the whole banking and financial situation. Such an inquiry is long overdue, but even at this late date, if the commission is appointed and it is, in the words of the Finance minister, "an unbiased one and above-suspicion commission," there is no reason why it should not be productive of enormous good, particularly if it reports before the Bank Act comes up for revision next year. I sincerely hope that when the personnel of the commission is being chosen, great care will be taken to select men of worldwide repute, and I trust that the scope of the commission will be as wide as is necessary.

I also want to congratulate the Minister of Finance upon his reference to the necessity of cutting down debt and interest rates. While it was all right for him to make that statement and to hope that an improvement might be brought about, it is within the government's power to bring about decided reductions in both debt and interest charges. I also wish to congratulate the government upon the effort that is at last being made to help out the agricultural situation by setting up an agricultural stabilization fund. Although it is something in the nature of a bonus, and although bonuses may not be right in principle, at the same time when other industries are getting help from the government in this and other ways, it is only fair that agriculture should also be considered. My criticism is that consideration was not given to agriculture just about three years earlier.

It will also be very reassuring to importers to know that they are going to get some relief through the partial elimination of the adverse exchange dumping duties. To have carried on an import business in Canada during the last two or three years must have put any business man to a very severe test. I appreciate that the income tax rates have been made a great deal steeper than they were. If I had any criticism at all it would be that larger incomes should have been taxed even to a greater extent. I have under my hand figures given me a few months ago by the Income Tax department showing incomes in the fiscal years 1927-28 and 1930-31. In the earlier year only 8,510 people paid taxes on incomes ranging between $10,000 and $50,000; in 1930-31 there were 12,848 paid on those incomes. In 1927-28 only 345 people paid taxes on incomes between $50,000 and $100,000, whereas in 1930-31 there were 470. While only 75 people in the earlier year paid taxes on incomes of $100,000 and over, in the later year there were 131. So hon. members will note that in every instance those large incomes increased despite the bad business period through which we have been passing.

There are certain unpleasant factors in the budget which I should like to draw to the attention of the Minister of Finance. I regret very much the general trend of deflation in which the government is persisting. Up to the present time it has cost us dearly enough, and if it continues it will cost us a great deal more. Personally I can see the ultimate possibility of a financial crash if this policy is not changed. We cannot tax ourselves into prosperity, and apparently that is what we are trying to do. I should like to place on Hansard certain figures taken from the last three budgets. In 1931 we had a deficit of $94,500,000. The reply of the government was to increase taxation in the following year to an equal amount. In the year 1932, instead of balancing the budget, unfortunately we were $119,000,000 short, and again somewhat similar efforts were made to balance the budget. In that year there was increased taxation, and in one way and another $50,000,000 was lopped off the estimates for public works, etc. However, such measures have not had the desired effect, and we find that this year we are faced with a deficit, including that of the Canadian National Railways, of about $156,000,000. Again I say we cannot tax ourselves into prosperity.

I am sorry to see the sales tax placed on certain commodities which were previously exempt. This will be a consumers' tax and will be paid very largely by those who, to use the common phrase, are the least able to bear it. I have no doubt the Prime Minister (Mr. Bennett) has had voluminous correspondence regarding the tax on sugar. No doubt we all eat about the same amount of sugar, but some of us who may be in a better financial position may be able to afford it. There is no doubt it will hurt the poor householder, and particularly those in the country who can a considerable amount of wild fruit. The extra tax will make the canning more expensive.

The next item which I purpose to criticize I hope the government will see fit to change, namely that affecting soldiers' pensions. There may be a few ex-soldiers in the service who are receiving very large pensions and also a considerable allowance by way of a wage or salary. However, taking all in all, the proposed change would be a great hardship, and the amount of extra money collected would be infinitesimal as compared with the hardship involved. I am sorry, further, to see the tax on postal notes increased from one to three cents. No doubt this change will have the effect of driving business to the private banks. When we have an institution of our own such as the post office, in my view we should do everything possible to support it.

With regard to the criticism by the Minister of Finance concerning any suggestion of controlled inflation, I have a few comments to make. At the outset I shall quote from the Commercial Intelligence Journal of February 25, 1933, issued by the Department of Trade

and Commerce. At page 262 I find an article concerning Australia under the following headnote:

Improvement in Australian Financial Outlook, 1932

In part the article is as follows:

There are, however, some features apparent which distinctly point to the improvement. these including a return to stable government and a bountiful supply of cheap money. This latter has resulted in a readjustment of all capital values to a higher level, and the nominal increase in wealth and confidence is being reflected in a greater freedom of credit. The increasing confidence over the past few months has had a stimulating effect on public spending, and at the close of the year the sentiment was one of restrained optimism.

Would that Canada could say the same thing! Unfortunately we are realizing that we are getting into a more critical position as the months go by. The government seems to have two pet obsessions, the one to balance the budget and the other to have a favourable trade balance. I should like to point out first that we could balance the budget, and continue to balance it, but at the cost of bringing the people to a very low standard of living; secondly, a favourable balance of trade means little if in the effort we lose trade valued at hundreds of millions of dollars.

The present situation in Canada is unique. A rich country, yet we are simply twiddling our thumbs, as it were, and not making use of our great natural advantages. I believe our inactivity lies in the fact that our problem is financial, and we have not tackled it from the proper angle. For instance, from Halifax to Vancouver we are badly in need of public works. At the same time there are in Canada about 800,000 unemployed, and we are continually adding to their ranks. Those men would be only too anxious to find employment on public works; instead they are kept on relief. Although we have plenty of food in the country we are feeding through public charities about 1,300,000 people. Again, our railway problem is caused not because people do not want to travel or send freight, but because they cannot afford to do either except to a very limited extent. We have the great industries of agriculture, forestry, fishing and manufacturing, with possibilities of tremendous production, yet all of them at the present time facing bankruptcy. We have much sickness in this country—in times of stress such as this there is always more than in normal times—yet many of our doctors and nurses have not enough to do, and many others are idle because people cannot pay. Never more than at this time do we need life insurance, but during the period from 1930 to 1932 inclusive live insurance policies surrendered amounted to $782,500,000, and insurance lapsed amounted to $1,224,000,000. These, Mr. Speaker, are serious figures. It only shows the extraordinary intensity of the financial crisis through which this country is passing, and which I think could be in large measure alleviated if the right thing were done. The Minister of Justice (Mr. Guthrie) the other day informed the house that during the last few years the gaol population of this country has doubled. These problems will not be solved by the cutting of wages and salaries; that is no final solution. The only benefit is that in some instances there is an equality of sacrifice where high salaries are reduced; otherwise in the aggregate it is a bad thing, because it is cutting down purchasing power, the one thing we need more than anything else.

The reasons for the lack of purchasing power, I take it, are largely two. First is inequality of income. That is being adjusted to a certain extent, by income and other taxation. Secondly the government does not seem to appreciate the fact that the total amount of money paid out in the cost of producing goods is never equal to the price of the goods. That being so it is necessary to put new money into circulation, and that new money should not be put into circulation through credits in the shape of debt, but by drawing on the national credit of the country, and that without interest. New money to-day is put into circulation only for productive purposes. As long as that is done we will always have difficulty in getting rid of our so-called surplus goods. We have to find a means of putting new money into operation through the consumers' channel.

There are certain facts it seems to me that we should face, and face boldly. First we should recognize that we need more money, more purchasing power. Does the minister not realize that to-day bank loans are over $600,000,000 less than they were four years ago? Does he realize what that means to business? We in this corner have advocated controlled inflation. Those who would criticize us leave out the "control;" that is their fault, not ours. We stand solidly for controlled inflation. We recommend trying to get to a definite agreed-upon price level, and putting new money into circulation until we get to that price level; we should then have controlled inflation.

We must find a means of getting the food to the people without its going through the channels of charity as it is doing to-day.

We have to find the means of putting people to work. Surely that is not beyond man's power and initiative; when there is so much to be done in every part of this country, surely it is not beyond our power to find ways and means of putting men to work.

Another problem we have to face, and I am glad to see it is mentioned in the budget speech, is the debt problem, whether private, municipal, provincial or federal. We cannot go on with a dear dollar and cheap goods and expect to meet these liabilities.

We have to recognize that we should show the same consideration to commodity wealth as we show to financial wealth. For instance, there is no reason why money put into a business that is for the benefit of the community should not be just as sacred as money put out at loan. The government should alter its policy with regard to public works and taxes. It seems to me it is a wrong process to tax heavily when times are bad; taxation should be heavy when times are good and people have the money to pay. On the other hand public works should not be encouraged when times are good, when business is active, but should be carried on a large scale when times are bad and business generally is frozen. To-day general business is too nervous to start the wheels of progress moving; the government is the only body in a position to start the machinery, and if that were done there is no doubt that general commerce would follow.

I would like to quote from Mr. V. C. Vickers who wrote a preface to Doctor Eisler's book, Stable Money. I may say that Mr. Vickers was a director of the Bank of England from 1910 to 1919. He said in part:

> If for the time being we concentrated a little more upon assisting productive work, and a little less upon balancing the budget, it would, in the end, be better for us all. Our aim should be to go forward to a new economy, not back to the old regime.

I particularly commend that statement to the finance minister.

In closing I should like particularly to draw the government's attention to the following quotation, and to suggest that consideration of the principle stated therein is long over due:

> A new orientation of national policy is needed to take care of the interests of the consumer, but there is no sign of it, nor likelihood of it, so long as the general belief is that prosperity at home is dependent upon exporting to markets abroad.

[Mr. Spencer.]

Mr. CHARLES BOURGEOIS (Three Rivers-St. Maurice): Mr. Speaker, there are a few observations which I should like to make upon the budget. The previous speaker (Mr. Spencer) like others from the same side, has complained about the new taxes. It was not expected, sir, that the budget brought down by the hon. Minister of Finance (Mr. Rhodes) would be a pleasing or cheery document. At no time in the history of Canada has a government been faced with problems more gigantic, problems of greater difficulty. Governments the world over are grappling with tremendous financial difficulties, and all that could be expected was that the government would introduce drastic measures to meet the situation.

A cheering feature of the budget is the agricultural stabilization fund. From it there will be paid to exporters to the British market the difference between the price actually received for the pound sterling and $4.60. In other words, if the pound sterling falls below $4.60, as it is at present, the difference will be made up from the fund. This feature of the budget should be heartily commended; it will bring a higher price for the products the farmer exports, it will encourage production and will result in bringing wealth from outside to the agricultural districts in Canada. This in turn will stimulate trade and work to the good of all.

Last fall I was criticized by one hon. member for having made a promise during the by-election to the effect that a premium would be granted on cheese. The advantages which will result from the stabilization fund, in connection with milk products, doubtless are more than equivalent to those that would result from the granting of a premium, and I am sure the Minister of Agriculture (Mr. Weir) will not contradict me when I say that I repeatedly made pressing representations to him to have cheese included under that fund. This stabilization plan is more than a bonus on agricultural products exported to Great Britain; it is an attempt at equalization. During this depression agriculture has taken the hardest blow; farm products have shown the greatest shrinkage in value, and the farm income has been greatly reduced though the articles that must be purchased have been kept at high prices. This measure introduces some attempt at equalization, and I am sure there will be no complaints so long as all classes contribute equally during hard times and share equally in times of prosperity.

I sincerely regret the necessity of taking up the time of the house with personal matters, but I think it better that these points should be settled once and for all. Some hon. mem-

bers who have not forgotten the defeat of their candidate in the Three Rivers-St. Maurice by-election have expressed certain innuendos with regard to promises made by the Minister of Marine (Mr. Duranleau) concerning the expenditure of some $700,000 on the Three Rivers wharf and $50,000 for a retaining wall along the river in the bay of Shawinigan and St. Boniface parishes; they say these promises have not been fulfilled. On October 25 the hon. member for St. Johns-Iberville (Mr. Rheaume) informed this house that it was his intention to ask some question in this connection. I expected that the hon. member would formulate his questions and have them included in the orders of the day, but so far as I know he has not done so as yet. For his information and for the information of his friends let me say that the sum of $700,000 has been spent by the government in the construction of a wharf at Three Rivers, and that the retaining wall which the inhabitants of the Bay of Shawinigan and St. Boniface parishes and the northern part of St. Maurice county have been requesting for the past twenty-two years is now an accomplished fact. While the main principle of the government's policy is the curtailing of expenses I dare, for it is my duty, to request the building of sheds on the new wharf.

From the Montreal press I understand that the government, by granting the land required, intends to assist in the construction of an additional elevator at Sorel. I do not wish to object to that proposition, but I would suggest that the elevator be erected at Three Rivers, because lake St. Peter constitutes an obstacle to navigation at Sorel. From early in December until late in April the Sorel harbour is blocked by the ice from lake St. Peter, so the harbour of Three Rivers has the advantage of having navigation open two months longer than is the case at Sorel. Three Rivers is a first class shipping port and is the centre for a considerable portion of the cattle shipping trade on the St. Lawrence river. I sincerely regret that the hon. member for Marquette (Mr. Mullins) is not in his seat, because I know he is an authority in this matter. I invite him to pay us a visit and look over our facilities. I am sure that he would corroborate my opinion. Our position, near lake St. Peter on the north shore of the St. Lawrence river and at the mouth of the St. Maurice, gives us the advantage of the natural deep water of the St. Lawrence while we also command the vast St. Maurice territory, which exceeds 17,000 square miles in area. Until a few years ago the city was forced to struggle along with the development of its own harbour, but later this work was taken over by the federal government. Since that was done rapid progress has been made in the construction of a great permanent harbour, and at present Three Rivers boasts of the facilities it can offer all classes of inland and ocean going ships. An additional 3,600 feet of wharves has been completed and will be ready for use with the opening of navigation, and with the completion of the present building program Three Rivers will have a modern commodious harbour. Any person visiting Three Rivers will be convinced that we have the most advantageous spot for the purposes of the cattle shipping trade. From the city limits, extending westward along the St. Lawrence river for several miles, we have a magnificent tract of beautiful grazing land, as level as a prairie, and watered by several streams. This land is traversed by the main line of the Canadian Pacific Railway, with a branch line to deep water on the wharves, forming without exception the most desirable storage for cattle trade which can be possibly imagined.

I must not omit a reference to the supplies required for feeding cattle on the Atlantic voyage. At Three Rivers any required quantity of first class hay and oats can be purchased and at lower price than at other ports of the St. Lawrence. A certain quantity of live stock can also be purchased for shipment, in Three Rivers, and in the back country, which includes Shawinigan Falls and Grand'Mère; so that, in fact, all circumstances combine to facilitate in a remarkable degree this most important branch of the Canadian export trade at the port of Three Rivers.

I may add that several petitions have been circulated and signed throughout the Three Rivers district requesting that a measure should be adopted by the federal government in order that the Canadian National railway should reach Three Rivers at a point situated between Charette Mills or another point on the Canadian National railway. I submit that if, owing to the conditions now prevailing, this cannot be done, it would be possible to utilize the Canadian Pacific line from Les Piles. The only thing which would have to be done would be for the federal government to compel the Canadian Pacific Railway to allow the Canadian National Railways to use its line from Garneau to Three Rivers. It is to be noted that under section 16 of the Canadian National-Canadian Pacific Act as passed by the Senate on the 23rd of February

of this year, 1933, and now under consideration in the house, this scheme should be absolutely realizable.

In regard to the measures adopted by this government in connection with unemployment and farm relief, it may be said that on the whole, and taking into account the urgency of the situation, they were beneficial. But, without casting any blame on those who were charged with the distribution of the money voted by this parliament for relief purposes, one may ask whether with the experience acquired since that relief policy has begun, some modification should not be made to it. We are all agreed on the principle that people should go back to the land, provided there is a reasonable hope of their earning a living. But the first thing to ascertain would undoubtedly be: Have they the natural disposition and the experience required to earn their living in that way? Then consideration should be given to the place where these would-be farmers are sent. They should not, as it has been said, have to find their way through stumps and underbrush. In many parts of Canada, at least in the province of Quebec, there are farms, small farms which have been already under cultivation and which have for one reason or another, been abandoned, their owners having migrated to industrial centres in Canada or to the United States.

Without agreeing with my hon. friend from Témiscouata (Mr. Pouliot) concerning the administration of the back to the land movement, as far as the province of Quebec is concerned, my suggestion would be that the money which the government intends to contribute in helping the unemployed should, first and principally, be used in attempting to place them on those farms where they would have far greater chances of making a living than by becoming settlers on undeveloped lands in remote regions.

While disclaiming any desire to be an alarmist, the hon. the Minister of Justice (Mr. Guthrie) has lately told this house that communistic activities are more acute and dangerous in this country than in many years past. The agents of Russia are busy fomenting troubles among the unemployed and the economically distressed. Reds are putting forth renewed efforts to undermine the loyalty of veterans' associations, it is said in Mail and Empire, April 4, 1933, by the familiar method of penetration from without. The returned men are invited to attack the authorities. The Minister of Justice is no doubt in possession of specific information from the veterans' association that overt acts are contemplated in certain populous centres. It is no doubt for such reasons that he asked for the means to increase the strength of the Royal Canadian Mounted Police in the event of possible emergency. The minister and the government will undoubtedly have the backing of every loyal person in adopting a policy of adequate preparedness. These are days of stress and strain, when the decent citizen looks to the powers that be for timely, efficient and effective protection. It is to be noted that at President Roosevelt's request the United States congress is putting through severe legislation to prevent any disloyal section of the United States press publishing information inimical to the national welfare. One may doubt whether section 98 of our criminal code is sufficient to repress seditious activities which, it is reasonable to surmise, are caused by communistic propaganda. It is known that there is among us a campaign conducted by communists who are not only advocating and diffusing ideas subversive of our economic and political institutions, but attacking religious ideals in general and overtly preaching atheism. Their insults to Christianity and their blasphemies against God are so violent and so frequent that every Christian in this country must believe it is time such offences were repressed and punished by our criminal law and I submit that our criminal code should be amended accordingly.

In Montreal there are two so-called labour universities, one on Craig street and the other on Montcalm street. At those places meetings are held every night attended by numerous unemployed workmen who are taught the pernicious doctrines of soviet Russia. In consequence attempts to burn, and actual burnings of churches in the province of Quebec have reached a point where surely the authorities would feel it necessary to take drastic action to discover what is beyond those dastardly acts. The utmost condemnation of such acts must be felt by all; indeed it is difficult to imagine any one capable of such conduct who is not out of his mind. It is well known that the psychology of the Russian five year plan, which was put into effect on October 21, 1928, is one of militant communism and militant atheism or anti-religious propaganda.

The man's the gowd for a' that.

The refrain of Burns' immortal song is just the reverse of that theory. "There is a divine law of rewards. When the Creator gave us the earth with its fruitful soil," said William Jennings Bryan, "The sunshine with its warmth and the rains with their moisture," he proclaimed as clearly as if his voice had

thundered from the clouds: Go, work, and according to your industry and your intelligence, so shall be your reward." Let us hope that our country, "this blessed country, this earth, this realm, this Canada," shall ever escape the danger of being ruled according to socialistic principles.

It is through immigration that the socialistic and communistic ideas may subvert our economic system. It was then wisely that on August 7, 1930, when he had been carried to power on the twenty-eighth of the preceding month the right hon. the Prime Minister caused an order in council to be adopted putting an immediate stop to immigration, and now every immigrant in order to be allowed to come and settle in this country is bound to go through the strictest immigration formalities. I dare say that on account of the splendid services he has rendered to this our country, the Prime Minister, like the celebrated English statesman, the Right Hon. Joseph Chamberlain, may rightly say:

> I have faith in our race and in our nation. I believe that all the forces and enthusiasm of which democracy alone is capable will complete and maintain that splendid edifice upon greatness, which, commenced under aristocratic auspices, has received in those later times its greatest extension, and that the fixity of purpose and strength of will which are necessary to this end will be supplied by that national patriotism which sustained the most strenuous efforts and made possible the greatest sacrifice.

In my opinion the Prime Minister is and will remain among us as a teacher of the will to do and a professor of energy. He should be valued not in the abstract, but with due regard to the conditions of the time. I have not in the least the desire to minimize the worth of any of our statesmen of by-gone years. A thorough Canadian should admire in their turn all those who have given to this country more comfort, more renown or glory. The Prime Minister has a very high conception of the functions of his office, and he fulfils them with a rare firmness. He has adopted a program and stuck to it in the extremely difficult circumstances which have existed since he has been the head of this government. All of us, barring all differences of opinion and party feelings, should honour him as a servant of our country who is doing his duty manfully at a time when the interest of Canada requires, of course, that every Canadian shall do his duty, but especially he who has in his hands the direction of our destinies.

The comments I have just made, Mr. Speaker, in connection with the budget and the criticisms I have ventured to develop with regard to socialism and communism may have been lengthy and somewhat tedious, but I trust I shall be forgiven. Now, may I invite you, sir, and all the hon. members of the house to come to Three Rivers, the second oldest city of Canada, to participate in the festivities which will take place in July 1934, in commemoration of the third centenary of its foundation. While the city of Three Rivers has been and is still affected by the economic depression, perhaps in a larger measure than most other industrial centres; while its main industry, the pulp industry, lies in a state of quasi-stagnation and leaves a large number of men and women without employment, the citizens of Three Rivers, in a worthy spirit of optimism and because they have faith in the future, have come to the conclusion that, in spite of the difficulties and anxieties of the times, they should, as a matter of duty, celebrate this anniversary.

Our city, founded by Sieur de la Violette, has a history which reads both like a poem of heroism and an adventurous tale. For a hundred years Three Rivers was a most important post for the fur traders. It was also there that was created and developed, so to speak, that type of man so truly Canadian, the shantyman, who lived in the wide open spaces; who heard the tumultuous voices of the falls and impetuous torrents; who loved to seek the adventures and brave the dangers of lands beyond, and who filled the forest with the echoes of his songs. One may recall among the travellers or voyageurs from Three Rivers, such famous names as those of Nicolet, Godefroy, Chouart, of Hudson bay fame, and Gaultier de Varennes, Sieur de la Verendrye, of Rocky mountain fame, a great Canadian discoverer, and other names glorious and immortal in the annals of Canada.

It might also be recalled that Three Rivers was the cradle of metallurgy in Canada. For nearly a century and a half what is still known as Forges St. Maurice furnished the country with the iron products that it required. Of the three cities established on the shores of the St. Lawrence during the French regime, Three Rivers is decidedly not the most important, but while Quebec is the seat of the provincial legislature and Montreal the commercial metropolis, Three Rivers has doubtless charms of its own in which to glory on occasion.

To be particularly proud of such a city as Three Rivers, I am sure is permissible to one who was born there and who has the honour to represent that city in this parliament. This feeling on my part shall not, I am sure, astonish any of the members of this house who at the time of the Imperial conference in August, 1932, paid a visit to Three Rivers and observed its marvellous possibilities of development.

Mr. J. A. BARRETTE (Berthier-Maskinongé) (Translation): Mr. Speaker, the courage displayed by the hon. Minister of Finance (Mr. Rhodes), in bringing down a budget so burdened with taxation, is certainly worthy of praise. I especially wish to draw the attention of the house to the well established fact that alone the economic depression of which Canada, as well as the rest of the world, suffers, has forced the government to resort to such a budget.

All members of this house realize, better than I can express it, the moral courage displayed by a government, when it risks its popularity by increasing the taxes which burden a nation. It is the outward and fearless expression of a government conscious of its duty. It is the accomplishment of this disagreeable duty which all statesmen have to face when the nation's credit, upon which the prosperity of the people depends, demands it.

Above all, the duty of our governments is to safeguard the nation's economic system, so rudely shaken by a world-wide depression and which the hon. member for Winnipeg North Centre (Mr. Woodsworth) would completely cast aside because as he states "the present economic system is responsible for the fact that a large number of people are out of work, and that both our natural resources and the social organization in this country serve the interests of a few and not those of the people, as a whole."

These two statements are baseless and the hon. member carefully avoided substantiating them. In what way is our present economic system responsible for the unemployment of so large a number of people? The hon. member does not state. This economic depression is world-wide, as the hon. member pointed out. Almost all countries differ in their economic systems and even Russia's economic regime was powerless against this depression. Ever since the world was created, at various periods, there have been economic crises in all countries and under all economic regimes. All forms of government were tried and none of them were able to stem the rising tide of economic crises.

This economic depression has been attributed to a thousand causes, however, there are plausible reasons to believe that the main cause is the lack of trust among nations as well as among individuals. It belongs to a moral order rather than to a material one. The world's wealth has remained intact but badly distributed, and a large portion of it has remained unproductive owing to this lack of trust. It is clearly a trial sent by Heaven. The world was likewise upset when the erection of the tower of Babel was undertaken.

[Mr. Bourgeois.]

The entire population of the world worked on the construction of this tower. It was the golden period of those past ages. All had work and cherished great hopes in the achievement of this gigantic tower which eventually would reach Heaven. Suddenly, God's hand smites the world. The workmen can no more understand one another as God has given them different languages. No more co-operation can exist. All their hopes have vanished. The tower remains unfinished, the people are left without work and they are forced to rest. That was, perhaps, the first world-wide economic depression. It must have been terrible since history has recorded the fact. It was certainly not the economic system of that period which was responsible for that crisis. It was a punishment inflicted upon human pride. Why not attribute the present crisis to the same cause?

Then, why assert that our natural resources and the social organization of the country's production are diverted to benefit a few? It is certainly an unfair statement. The hon. member for Winnipeg North Centre (Mr. Woodsworth) is fully aware that, if the working classes have no work, it is because those who had wealth have lost it and cannot carry on their industries. It is true that there are a few capitalists left and it is fortunate for us, and our few industries which remain. As long as there is a scarcity of wealthy people, we shall be deprived of industries and our people will be unemployed. Captains of industries are needed so that the people's savings may be invested and bear fruit. That is the work of financiers. The profits they make are infinitely small compared to the benefit the nation derives. During the periods of prosperity our working classes earned wages varying between $4 and $10 per day. Do you not think, sir, that our workmen would not gladly see the fortunes lost by our financiers returned to them, so that they might again receive the wages they once earned and enjoy the prosperous days of the past.

Among all these wealthy men, there were certainly robbers and profiteers, but, even while robbing they contributed to the happiness of the people.

That the state should better control industrial trusts, I agree; but I do think it absurd to suppress them. The economic conquest is carried out just like a war is waged: with soldiers and generals. The soldiers are the workmen and the capitalists are the generals. The worker is therefore interested that his employer should make sufficient profits which will allow him to continue his operations, and, in fact, a good worker, is always glad to see his employer acquire wealth because he is

bound sooner or later to derive some benefit from it. Self-interest is one of the most potent incentives of life, it compels man to work and leads to achievement. It is the prime mover of human effort; it is the main incentive of production, trade, researches, discoveries, inventions and all human activities. All social organizations must tend to foster private initiative for the greatest welfare of the community and all political reforms tending to curtail the freedom of private individuals are directly opposed to human nature, destined to failure and lead to disorder. Human activities small and great, must be the result of private initiative to be beneficial.

If the lot of our people is to be improved, there is but one thing to do: preach by example and word the social and religious truths which alone can assure the progress and happiness of humanity. Preachers of religion should avoid persecuting, under the pretence of religion, their fellow-citizens; similarly those who are intent on reforming morals or society should avoid upsetting social institutions under pretence of social welfare and putting everything to the sword and fire. Let us point out to the people not only their rights but also their duties. Let us seek the means of being useful to others while serving our own interests. Let us seek the real aim of life. Let us remember that freedom is indispensable to attain moral progress, which, to be efficacious, must not be interfered with.

Mr. IRVINE: On a point of order, Mr. Speaker, I would draw your attention to the fact that there is not a quorum in the house.

The Clerk having counted the members:

The ACTING SPEAKER (Mr. Gagnon): I am informed that there is a quorum.

Mr. BARRETTE (Translation): To a delegation of socialists who once interviewed John D. Rockefeller, requesting him to divide his wealth among the United States citizens, Rockefeller replied: Very well, my wealth amounts to $55,000,000, and as the population of the United States comprises 110,000,000 people, each of you is entitled to 55 cents. Do you think, sir, that this amount could relieve their distress and contribute to their welfare? No. On the other hand, this capital, well managed by a financier, could, annually, earn in salaries, for the benefit of the community, the sum of $500,000,000 or $600,000,000.

Let us, especially, remember that a moral, social and religious background is necessary to our legislators. Unfortunately these qualifications are gained through experience and the people can only discover them after putting them to a test. Fortunately for Canada, it has as leaders captains of industry, builders, a cabinet whose chief and members are very highly gifted with these moral, social and religious qualifications and this assures her an unparalleled economic and political system which needs no change.

Not only does our political system require no change as a mere sop to the hon. member for Winnipeg North Centre, but what is more important is that, for the welfare of Canada, we cannot change the present government because the moral, social and religious qualifications of the right hon. Prime Minister (Mr. Bennett) and his colleagues are too greatly required in the present crisis for us to be deprived of their guidance. I make this statement in all earnestness, and I am the more sincere that I do not wish to conceal that my views and those of the Prime Minister and his French Canadian colleagues differ on certain subjects. However, these differences of views have no bearing on the administration of the affairs of this country. In my opinion, at the helm of the affairs of this country, we cannot ask for better leaders and I feel confident that I am fulfilling my duty and mandate by supporting the measures of the government.

This, however, does not prevent me from highly protesting against the unfair way French Canadians are treated in this Confederation of ours, where we entered as partners and where we are looked upon as distant relatives. I note that we have lost a large part of the political heritage handed down to us by Sir Etienne Cartier, namely, that equality in political influence, in civil service matters and fair distribution of subsidies which our province enjoyed at the time when Cartier, in assuming the leadership of French Canada, demanded and obtained from Sir John A. Macdonald, the fair proportion of the political rights and privileges to which the importance of our population entitled us.

The situation complained of, the unfair treatment meted out to us in the distribution of positions in the civil service, the grants for the development of transportation facilities in our province—railways and navigation—assistance to our farmers and fishermen, are not entirely due to the Prime Minister or to his colleagues.

The hon. leader of the opposition and his party must assume the major part of this responsibility.

I do not intend to give a complete list of our grievances. I shall restrict myself to a few: In 1882, out of the fifteen deputy ministers, seven were French Canadians, now we

have but two. Since 1927, the Auditor General's report shows that we have received $17,000,000 less for public works than to what we are entitled.

More than $4,000,000,000 have been expended on railways while our share has been only $489,000,000, that is $600,000,000 less than our quota. All our ports are neglected. The Montreal harbour owes its development to its citizens. We are entitled to double the number of grain elevators and many more wharves. And to mention more recent events, how can one justify the discontinuance of a certain undertaking in connection with the Canadian National Railways, at Montreal, which has left an open and large excavation in the centre of the metropolis, thus depriving the Canadian National Railways of an economic terminus, when millions of dollars are expended to complete the doubtful enterprise at Fort Churchill. The St. Lawrence channel should have been dredged to a depth of 35 feet, on a width of 600 feet, at least 10 years ago.

I never neglect an opportunity of reminding the Prime Minister and his colleagues of these grievances. That is the only source of our quarrels. However, I note that the Prime Minister greatly sympathizes with me and I still have hope of convincing him to take this question of French Canada out of Canadian politics by granting us the fair quota to which we are entitled in the administration of this country, especially, as I expect that the next house will be composed of 60 French Canadian members from Quebec, elected to uphold the principles and ideas advocated by the Conservative party, which are the best and wisest for the government of our country, but, especially, in order to insist that our rights be entirely recognized. The new imposts may not be popular; the hon. members of the opposition may be piously listened to by the people in distress; the gloomy description of our situation may still further dishearten our citizens; utterances like those of the hon. member for Quebec East (Mr. Lapointe) may rouse the passions of the people; however, all these appeals to prejudice and human selfishness can in no way belittle the deep gratitude which our people feel toward the right hon. Prime Minister and his colleagues. A moral force emanates from their courageous attitude in facing the problems which rise daily and which they are busy in solving for the greatest welfare of our people.

Thus, further revenue had to be raised to consolidate our credit, assist those in want and help our people through this crisis; therefore, the government levies an impost on sugar, increases the income tax and taxes other articles.

With their good common sense the people fully understand that the moment taxes are levied, the rate payers must be assessed. Bear in mind that the working or farming class does not form a caste apart and that it is as disagreeable to them to note that the village employer, merchant or banker is taxed; in either case, the workman or farmer knows that he will equally share in the distress or prosperity of his fellow citizens, whatever high position they may occupy. The people are fully aware that the present distress started higher up, by the financial losses made by the upper classes. The prosperity of a nation is closely linked to every form of taxation, no matter how unequally distributed it may seem at first, it ends by reaching directly or indirectly all individuals.

All the government must decide is the amount necessary to administer the country's affairs. Should $300,000,000 be required, there will necessarily be $300,000,000 levied in taxes. If the government were in a position to know exactly the salary or income of each individual, the problem of taxation would soon be solved, as all would be assessed in proportion to his resources. But, unfortunately, it is practically impossible to arrive at exact figures concerning the income of each individual. The government is therefore forced to resort to taxes easily collected which will bring in the revenue foreseen. The sugar tax will thus enrich the treasury by $20,000,000. This anticipated amount is not gainsaid. We could analyse all taxes and always arrive at the same conclusion. We should avoid levying them, but, unfortunately, they are necessary. All we can request from the government is that it should only levy the taxes which really benefit the treasury.

I trust the hon. Minister of Finance will permit me to make a suggestion. Why not confine ourselves to customs duties and excise taxes, reducing the latter by 50 per cent, so as to foster domestic trade, and why not abolish all other imposts, such as taxes on corporations, sugar and sales tax, briefly, all existing taxes, and replace them by a 1 per cent tax on all bank transactions? The latter amounted to the enormous sum of $31,000,000,000 in 1931, and would have brought a revenue of $315,000,000 to the state. The collection of such a tax would not cost a cent to the government.

All banks would retain on cheques presented at the teller's wicket, 1 per cent of the cheque amount, as a government tax. The majority of cheques are generally drawn to pay bills or debts, and the tax would fall on the payee, which after all would only amount to 1 per cent deducted on his bill. Thus, the poor man who has no banking account would be exempt from taxation, while those who have large banking accounts would be taxed according to their standing in the financial world. It would be a far more equitable tax than the income tax, because nobody could escape it. A 1 per cent surtax could be demanded for each endorser, other than the beneficiary, so as to avoid that the same cheque be used by various holders, thus avoiding the tax.

Note that with this proposed system, the 1 per cent tax is levied on the payee and not on the person who issues the cheque; there would be no inducement to pay with cash; and the banks, thereby, would have no fear of receiving less deposits.

Another advantage attached to this form of taxation would be that large companies as well as prominent financiers would be obliged to practically pay their taxes daily, thus their financial affairs would be better balanced than with the present system, which consists in paying at the end of the fiscal year an income tax, when, in the ordinary course of business, they have already invested their money in various enterprises and find it most difficult to raise the necessary cash to pay the enormous tax which the state collects each year, at a fixed period. And it is the more burdensome because no person can figure out the amount he must pay before first making a complete survey of his affairs; it is then too late to think of suppressing other expenses or industrial investments to meet this tax.

The uncertainty as to what the income tax will amount, necessarily makes capitalists very cautious and forces them to set aside, each year, much larger amounts than the tax calls for, because of the fear of making an error in their calculations; this actually deprives industry of a much larger amount than the tax collected.

The objections to the taxation which I suggest must necessarily be numerous, because all taxes meet with opposition. However, I wish to point out that this tax has a great redeeming quality; it will be economical and easy to collect. I believe that the cost of collecting the income tax and other excise taxes, etc., amounts to more than $8,000,000 per year; while this 1 per cent impost would practically cost nothing to collect; because the channel through which the government gets its information already exists; the banks, at present, supply the government with monthly statements on cheques passing through their institutions. The government, therefore, has always this information on hand. The amount varies between $2,000,000,000 and $3,000,000,000 per month; thus banks when forwarding their monthly statements would simply have to inclose a cheque of 1 per cent on the amount mentioned in the statement. The government would, therefore, receive, monthly, a cheque varying between $20,000,000 and $30,000,000. I do not think that any doubt could be cast on the honesty of our banking institutions as regards their statements; at all events, it would be an easy matter for a few government inspectors to check up the books of the various banks.

This tax is so simple in its practical application and so devoid of complication, compared to the existing tax system, that the government should have no hesitation in adopting it. What would be more simple than the collection of this tax; when a cheque is presented at the bank, the teller would only pay 99 per cent of the amount mentioned, and would debit the account of the client 100 per cent. At the end of each day, banks add the total amounts of cheques presented and debit their clients' accounts with said amounts. This operation would immediately indicate what amount is due to the government, namely 1 per cent of the total amount of the cheques. At the end of each month, banks would forward to the government a statement showing the total amount of the cheques debited to the accounts of their clients; this is actually in practice, it would therefore require no further outlay by the banks. In preparing their statement the banks would simply mention that they have deposited to the government's account 1 per cent of the total amount of cheques cashed. Is there any simpler system as regards tax collection? Compare this system with that of the present collection of the income tax, consider all the irregularities to which the latter system gives rise and the necessity the government is under of continuously checking up their employees and seeing that they carry out their duties, notwithstanding the always growing temptation of granting favours to their friends. There could be no possible favour granted to friends

with this 1 per cent tax, so that you suppress the factor of human weakness which should not be put to a test. All are aware of the corrupt practices of which the putting into force of the Volstead Act was the occasion in the United States; the Income Tax Act is similar to the Volstead Act and is destined sooner or later to corrupt officials and weaken the moral force of the whole administration. We should make a strong effort to abrogate all laws which are generally disregarded by the large majority of citizens. If by the excessive severity of our laws, we tempt the great majority of our people to disregard them, we thereby tempt these same people to break other laws which are of a much higher moral order, the observance of which is absolutely necessary for the moral uplift of our people.

To foster agriculture I would suggest that the government erect cold storage plants, costing about $10,000 each in all farming counties. Farmers could then store their perishable products and banks could be authorized to loan to farmers 50 per cent of the par value of these products. In order to market these products abroad, I would suggest that the government promote a commercial organization of salesmen something similar to the organization existing in the past to induce immigrants to settle here. When we were endeavouring to increase the population of this country, we had immigration agents in all European centres liable to send us immigrants. These agents were paid a salary and a commission of so much per head. We thus succeeded in drawing thousands of immigrants to these shores, although such a policy cost us many millions of dollars.

I would suggest that the government appoint agents in all large European cities in a position to purchase our farm products. These agents would be supplied with a list of all our farm products in cold storage. In each respective country they could employ people who would visit the various retail stores offering for sale our farm products. Each day, orders thus obtained would be grouped to make up a complete cargo so that reasonable shipping rates could be had. In this way we would have abroad thousands of clients, instead of being at the mercy of a few wholesale houses. It might be necessary to erect some cold storage plants in a few large European cities so as to always have on hand a surplus of our products for quick sales. The government could be reimbursed for this outlay by adding a small storage charge on the sale of these products.

[Mr. Barrette.]

Is it not time, in order to further assist the Canadian farmer, that we should, as a measure of expediency, settle what is to be the minimum prices on farm products? For instance, why not decree that the minimum price of butter should be 25 cents per pound and that of cheese 10 cents a pound. Such measures would tend to encourage the Canadian farmer to raise his spirit depressed by this crisis which has already lasted too long.

Other means of indirectly assisting the farming class and stemming unemployment would be to allow Canadian distillers to export alcohol, which would result in reopening again the doors of distilleries. We must bear in mind that a distillery of Melchers Gin standard, operated within the limits of my constituency, uses millions of bushels of Canadian grain, without mentioning the hand labour and by-products of these manufactures utilized by the farming class. Moreover, when the debate on the Robinson bill took place, it was proved, without a doubt, that alcohol exports brought into the treasury an amount varying between $15,000,000 and $20,000,000. Would not this amount have been sufficient to permit our government to carry on without levying a 2-cent tax on sugar? Such a measure would be well received by the people, because those who are making millions of dollars, to the detriment of our industries, have a questionable reputation, and to-day the United States doors are wide open to clandestine trade.

Other means of checking unemployment would be to further develop the Beauharnois power and St. Lawrence waterways. These two undertakings would give work to about forty or fifty thousand men and would completely relieve unemployment in this country. No doubt, sir, you are aware that between 1872 and 1878 there was a similar crisis in this country and that the construction of the Lachine canal contributed in a large measure to end that crisis.

Recently I received a letter from a Montreal friend who pointed out the necessity of curbing the electricity trust in Canada. The letter is as follows:

1280 Bernard Ave., Outremont,
March 28, 1933.

Mr. J. A. Barrette, M.P.,
Ottawa, Ont.

Dear Sir,—

Pursuant to our conversation, I respectfully submit the following facts:

The Beauharnois Company such as organized, with its advantageous and permanent current contracts, provides for the payment of all interests on mortgages and bonds, and more-

over raises the value of the common stock to many millions of dollars, why then should not the original bondholders receive for their investment 100 cents on the $1?

As it is believed in well informed quarters, if the Montreal Light, Heat and Power Company acquire the Beauharnois Company under the stipulations of reorganizing the company as stated, those who subscribed the original $30,000,000, will be deprived of $12,000,000. Should this scheme succeed, it will be a clever stock exchange transaction, without precedent, to cover the loss of $24,000,000 that the Montreal Light, Heat and Power Company sustained in their investments.

We feel confident that the leader of the government will not force the original bondholders to make such a gift to Mr. Holt and his silent associates, why not preferably make this gift to the people of Canada, if one absolutely wishes to be philanthropic.

With the slightest effort, the least gifted can calculate what the realizable profits the Beauharnois Company will make:

Contracts signed, 400,000 h.p. at $15	$ 6,000,000
Contracts not yet signed, 100,000 h.p. at $15	1,500,000
	$ 7,500,000
Yearly operation outlay	1,000,000
Profits	$ 6,500,000

The total cost of the undertaking will reach $70,000,000; at 6 per cent the interest will amount to $4,200,000; after the interest on mortgages have been earned and paid, if the Montreal Light, Heat and Power became the owners, their yearly profits would amount to $2,300,000; this would increase the value of the common shares to $40,000,000. Now that all the risks entailed by the project are things of the past, a shameful proposal is suggested to those who risked their hard earned money under the pretence that alone the Montreal Light, Heat and Power Company is unable to finance the Beauharnois Company. Will a theft of $12,000,000 be permitted openly, notwithstanding the protest of intelligent people who know these facts?

It is a cunning scheme; they wish to acquire, by every possible means at their disposal, a sound and splendid enterprise to cover the poor investments made by Mr. Holt.

If the Beauharnois project passes into the hands of the ogre, it will no more be the imposing and gigantic undertaking which was the pride of its promoters and of all the citizens of this province. It will become a simple subsidiary enterprise paying its tribute as regularly as the hum of its turbines.

We have faith, however, that our representatives in parliament will act promptly and energetically.

Believe me, Sir,

Yours sincerely,

(Sgd.) J. C. Coté.

At present in the United States, commissions are being appointed to inquire into the financial operations of the banker Pierpont J. Morgan. The Canadian people would very much like to get to the bottom of the financial operations of Sir Herbert Holt; perhaps, they might find out how the people were exploited and robbed and whether it is possible to make these large financiers stump up what they have robbed from the public.

You are no doubt aware, sir, that the Quebec government has just enacted a measure permitting the exportation of electricity. Could not the Dominion government disallow such an act, so as to conserve all our electrical energy to develop our own industries? It behooves the Prime Minister, who has the exceptional advantage of being supported by a large and united majority, who repose in him their trust, beside having a great admiration for his achievements, it behooves, I state, the Prime Minister to oppose such a measure. Will he follow the example of Mussolini, Hitler and Roosevelt who took advantage of their prestige to introduce in their respective countries new principles of government, setting aside class prejudices, financial influences and red tape procedure, which are inherent to all governments, in order to give their respective countries an administration rendered necessary by the present crisis, and which seems destined to solve, happily, their national problems.

I trust that the right hon. Prime Minister will openly prove, without constraint, his reputation of statesman and leader of men, for the greatest welfare of Canada.

Mr. F. H. PICKEL (Brome-Missisquoi): Mr. Speaker, I wish first of all to supplement a few words that I said in March with respect to the committee on agriculture. I have a resolution on the order paper calling for the division of the agriculture committee into two sections, an agricultural section and a wheat section, but I wish to state now that the western members on that committee are helping us in every possible way. They are doing everything in their power to help us in our investigation of the milk situation, in which they seem quite interested. I do not now request that the agriculture committee be divided, and I have much pleasure in withdrawing that resolution.

The western farmer has been interested in dairying for the past year or two simply because wheat has been so low in price, and if this depression starts the western farmer into the right channel and he will only go in more for mixed farming than he does at present, it will not have been wholly in vain. There is a great potential market in the east for the western farmer. Undoubtedly the farmers in the west could supply Canada with butter. We understand they would have

difficulty if they entered into the manufacture of cheese, as milk is bulky and collection would be difficult. Ontario, Quebec and the maritimes should in my opinion devote all their energies to cheese making. Although at the present time butter is selling at better prices than cheese, comparatively, the fact is that the year round there is more money in the manufacture of cheese than in the manufacture of butter. Eastern farmers should be instructed and intelligently directed to devote their efforts to cheese making. On the English markets our cheese is supreme, and brings a higher price than cheese from any other part of the world. On the other hand our butter, as a general rule, grades lower than butters from other countries. After making that statement in the month of March of this year I received a protest from the Provision Trades Association of Montreal, in which they sent statistics showing that Canadian butter graded higher than any other butter on the English market. I have taken great pains to ascertain the facts with regard to the marketing of butter, and I find that the best grades of Australian, New Zealand and Danish butter supersedes those of Canada, and that our butter is classed higher than that from the Soviet and Poland. These are the facts, and I amend my former statement accordingly.

After I made my speech in March on agricultural conditions a practical joker from Winnipeg sent me a postcard containing a message which I should like to place on Hansard:

Dear Rip Van Winkle:

Wake up; did you ever visit a farm out west? Please be advised that all the eastern prizes for butter are always won by western farmers, and we can all milk cows—and how?

I had no intention of intimating that the west could not make butter. I believe that they are capable of making butter as good as and probably better than we make. However that is not the point in question. Further, I received a letter from a gentleman in Edmonton, one or two paragraphs of which I should like to place on Hansard:

In the northern portion of this province, of which Edmonton is the centre, we have not had a crop failure in the last twenty years, in fact nine out of ten years we have had real good crops. In the ten years from 1922 to 1932 we really had only two years of depressed prices. In other words we had eight years in succession from 1922 to 1930 with good crops and good prices. I will venture to say there is not one out of ten farmers here who set aside any surplus or reserve during these eight years to take care of a lean year. The surplus, generally speaking, was spent in trips to the south. They have few, if any, cows and hogs to look after during the winter and the ones that have these few, the hired man or neighbour looks after them. The horses are usually cut loose around the straw piles to be taken up in March or April by the farmer, when he returns from the south.

Then he goes on to give a history of the western farmer:

You may think you have a lot to put up with having to listen to a few western M.P. farmers in the House of Commons. We have this to listen to every day in the year from our local U.F.A. members. Our farmers here, had they behaved themselves, would be in a much better position than the farmers in Ontario and Quebec. The farmer here, or his father, got a good 160 acres of land at a cost of $10—homestead fees, and one of the first things he thinks of, on receiving his title, is how much he can borrow on it.

I have very little more to add with regard to the western farmer except that he has made millions where we have made only thousands. Many farmers out in the west make more in one year than the eastern farmer makes in a lifetime.

Mr. YOUNG: How many?

Mr. PICKEL: The hon. member for Southeast Grey (Miss Macphail) made the statement I had suggested that all the western farmers should go into mixed farming. I made no such statement, but suggested merely that those western farmers who could go into mixed farming should do so. It would be not only in their own interests but in those of the whole country.

For many years the Canadian farmers have been sadly neglected. The only real help that has been given to the mixed farmer has been since 1930, when the government gave the fruit farmers and market gardeners some seasonal protection. The people affected have certainly derived great advantage from the help given, and I hope and trust that in its wisdom the government may see fit to extend those seasonal helps. Ever since Mr. Joseph Chamberlain made his memorable speech in Glasgow in 1903 I have been favourably impressed with his views. On that occasion he advocated preferential trade within the empire; to-day we have it. Ever since 1896 every government in this country has striven to attain that end. But they were all unsuccessful until the right hon. the Prime Minister (Mr. Bennett) went over to the old country and in a businesslike way, laid his cards on the table, and a preferential tariff within the empire was the result. I contend

that the right hon. gentleman is entitled to be and should be acclaimed the Right Hon. Sir Richard Bedford Bennett, the saviour not only of Canada, but also of the British empire. I think he has done more for the empire than any other statesman that ever lived.

I am glad that the hon. member for Sherbrooke (Mr. Howard) has just come into the chamber. One of his chief occupations since I have been in this house, as also of the hon. member for St. Johns-Iberville (Mr. Rhéaume), has been to compare prices in Canada with prices in the United States—butter so much in Canada, so much in the United States; eggs so much in Canada, so much in the United States. But this session, Mr. Speaker, we have not heard anything about that. Why? We are getting 28 cents a pound for butter in Canada, and in the United States it is 18 cents.

Mr. HOWARD: Who is getting 28 cents in Canada?

Mr. PICKEL: To-day for the first time since 1914 every farm product in Canada is selling at higher prices than anywhere else in the world.

Mr. YOUNG: How about wheat?

Mr. PICKEL: Don't worry about wheat. Canadian wheat is bound to come back; we raise the best wheat in the world.

Mr. YOUNG: It has not come yet.

Mr. PICKEL: It is bound to regain its level. It is low at present, and we are sorry for it, but it is a world wide condition and I do not know what you can do to help it.

Mr. YOUNG: What about the tariff?

Mr. PICKEL: The hon. member for Sherbrooke and the hon. member for St. Johns-Iberville stand up in this house with voices full of tears and eyes as dry as dust, and with a pious and fervent hope in their hearts that things would get worse to serve their political ends. Remember, Mr. Speaker, they are both distributors. They are not working for the farmers; there is politics underlying it.

Mr. HOWARD: You ought to be fair at least. How do you make me a distributor?

Mr. PICKEL: We have not heard any comparison of prices this session. If to-day we were on a butter export basis, instead of getting 28 cents a pound we would be getting 11½ cents.

Mr. MERCIER (St. Henri): Mr. Speaker, I rise to a point of order. I do not think any hon. member can discuss in this house, even on the budget, a matter which is sub judice before a committee of the house.

The ACTING SPEAKER (Mr. Gagnon): I regret to say that the point raised by the hon. member is not well taken.

Mr. PICKEL: If we were to-day on an export basis, instead of getting 28 cents we would be getting 11½ cents. For that reason I advocate the making of just sufficient butter in Canada to supply our market, production intelligently controlled to make just about what we require. The minute we begin to export we take the export price. It would be much better for us, rather than run any risk of having butter to export, to have to import a little.

Mr. TOTZKE: Who is going to direct the production?

An hon. MEMBER: The cow.

Mr. PICKEL: I am not a political economist, and I am not versed in railroads or banking or anything of that kind. Last session I had the privilege through the courtesy of the Prime Minister of hearing two very learned addresses delivered in the House of Commons restaurant. One was by Sir Josiah Stamp, the other by Lord Reading. They were very careful in their remarks in contrast with hon. members in the southeast corner of the house who think it is the easiest thing in the world to inflate, deflate, and arrange our currency just as they please. These gentlemen, who should know what they were talking about, were very careful in their suggestions.

As far as the railroad situation is concerned I advocated a year ago that our railway should be either leased, sold, given away, or scrapped, and I am still of that opinion. I voted for the railway bill in the hope that a change might be beneficial, but I have not much faith that it is going to be much good. I do not quarrel with the statement of which we have heard so much, "amalgamation never, competition ever." It is rather a taking slogan. I am for competition, but I do not think the government should be in business, the government should not be one of the competitors.

Mr. YOUNG: We will put them out of business at the next election.

Mr. BOUCHARD: There is no business left.

Mr. PICKEL: The government has been trying to do too much business. At the pre-

sent time we are investigating the milk situation in Canada. As far as I am personally concerned I feel this is just a stop-gap; I think every branch of agriculture should be investigated. There is not a branch of agriculture to-day in which the farmer is not exploited. Hog grading, egg grading, packing houses, stockyards, millers—the farmer pays the price every time. In the circle with which I am acquainted I do not know a farmer who pays income tax. I have one farm of 400 acres in which I have nearly $47,000 invested, and I did not make one per cent on it last year. I made sufficient to pay my insurance and taxes; that is all.

Mr. YOUNG: You were lucky if you did that.

Mr. PICKEL: I know it. That is a bad condition. And it is not due to the prices of commodities; if the farmer were sure of getting a square deal and his fair share of what his goods sell for, he would be on easy street. He was never much better off than he would be to-day if he got his just share.

Mr. BOUCHARD: It is the tariff.

Mr. YOUNG: Anything in the budget to help him?

Mr. PICKEL: The government, all governments since the tuberculin test came into operation in this country, have let the farmer down. I have a petition here from the Quebec branch of the United Farmers of Canada, Danville section, in which their demands are in substance as follows:

(1) That it be forbidden to put T.B. reactors on the market for human consumption;

(2) That the monopoly in the handling of our dairy products be taken out of the hands of wholesalers of Montreal;

(3) That an investigation be made into the affairs of the city of Montreal with the view of lowering the price to the consumer and thus increase consumption or raising the price to the shipper.

In that regard I should like to cite one or two personal experiences. In 1926 I lost five reactors, the last I have had on my farm. I sent these animals to Montreal, and received for them the sum of $24. My neighbour had five reactors at the same time, but my animals would outweigh his and they were in better condition. He telephoned to the veterinary inspector in Montreal and said, "I am sending five reactors to Montreal to-day. I should be glad if you could send a man down to the abattoir." He received $125 for his cattle, an average of $25 per head, while I received only $24. Last November I lost two cattle from another farm, for which I received $4, or just enough to buy a can of disinfectant for the stable.

I do not find fault with the indemnity paid by the government for reactors; I think it is very generous, but why should middlemen in Montreal be allowed to steal these reactors from the farmers? A farmer in Stanbridge East, Quebec, had a reactor last summer. He is a big feeder and the heifer was good beef, but you might just as well put a card on these reactors and say, "I am for sale; you can have me for anything you want to pay." The farmer sold this heifer to a dealer for $20; he also sold three hogs and two or three calves, and went to Montreal with the dealer when the animals were taken to the abattoir. When they got there the buyer came around to inspect the animals. The hogs were all right; the calves were all right, but when he came to the heifer he said, "How much?" The dealer said, "Well, I gave $20 for her." I cannot put in parliamentary language the words the buyer used, but he said, "Are you trying to be a philanthropist or what?" The dealer said, "I know she is worth more than $20." The buyer replied, "I know, but they have to sell her; they have to get rid of her right away, and you do not need to pay so much." I agree with the farmers of Danville; I contend that these cattle should be sent to the fertilizer plants right away. These fellows should not be allowed to profiteer any longer.

Perhaps in passing, Mr. Speaker, I might say a word or two with regard to the rumours which are spreading throughout the House of Commons in respect to a reciprocity pact with the United States. As an agriculturist I want to protest against any such reciprocity pact covering mixed farm products. My county touches the United States border for about seventy miles; you can go there to-day and find any number of places where they are bringing in United States pork, eggs and butter. They are not doing that because they get less here; they are bringing it into Canada because they get more for it. I agree with the hon. member from the maritime provinces who spoke a short time ago; a reciprocity treaty covering fish, potatoes and lumber would be a great advantage, but I protest against the mixed farmers having to pay for those concessions. If this is done they will be put right out of business. To-day the United States farmer is a good deal worse off than we are; the Canadian farmer gets higher prices for his pork, his eggs, his butter and everything he produces. As the hon. member for Dufferin-Simcoe (Mr. Rowe) said the other day, the best way to help the Canadian people out of this depression is to commence with the

mixed farmers, who are by long odds the largest class of consumers in the country. Increase their purchasing power and you will help everyone, and we will not get out of this depression until that is done.

As I said before, Mr. Speaker, I think the government is seized with the importance of the cheese industry, and I hope they will see that intelligent instruction is given the farmers of eastern Canada in the manufacture of cheese. I contend that if we can store our cheese and age it here in order to give the English consumer just what he wants, with the assurance of a continuity of supply, we will secure a much larger return than we are getting now.

I shall not detain the house for more than another two or three minutes, but I should like to mention two other acts that are working against the interests of the farmers. I refer to the hog and egg grading acts. I spoke in this house last autumn, and the hon. member for Temiscouata (Mr. Pouliot), in his usual style, poked some fun at me because of my age and various other infirmities. I want to tell the house that the hon. member is not in touch with his farmers. I am in favour of grading, but I want it administered with reason. If we are to export goods from this country we must have grading; we must package our goods carefully and must produce a good article. But I am not in favour of the hog and egg grading acts; I think they should be amended. On several occasions I have seen a crate of select eggs sent to the Montreal market. They were laid in the morning, picked up right away and rushed to Montreal, reaching that market at noon. In two or three days a return has come back saying that of the crate a few were selects, a few firsts and most of the eggs seconds, cracked and rotten. The next crate of eggs brought the same result, but the third crate, which was made up of small, inferior eggs that would not grade over seconds, would bring in a return equal to that from the first crate. A poultryman in my section died last July. After his death his estate went to his brother, and there were sixty or seventy dozen inferior eggs on hand. The person in charge asked the brother what he should do with them and was told to sell them. The man pointed out that they could not be sold because they were not marketable and he was instructed to put them in a crate and send them to Montreal. This was done and they sold as well as if they had been graded. This demonstrates that people do not look at the grading.

The governments of this country and throughout the world are fighting socialism, communism, bolshevism, anarchism and all sorts of "isms," and are passing restrictive legislation of one kind or another and endeavouring to compel people to conform to these acts. All these restrictive measures are simply driving people into communism.

I will not take up more of the time of the house, but I do hope that the dire condition of the farmer to-day will be seriously considered and that means will be taken to investigate everything that interests him, including the grading of maple sugar and of all other products. All these restrictions are operating against the farmer and it is high time they were removed, or amended.

Mr. JEAN LOUIS BARIBEAU (Champlain) (Translation): I wish to congratulate the hon. Minister of Finance (Mr. Rhodes) of his clear and precise statement on the financial situation of this country. The budget speech of the hon. Minister of Finance, is not an election one; however, the Canadian people, as they did during the great war, must unite and make sacrifices so as to check this depression which prevails not only in Canada but throughout the world.

The balance sheet of the Dominion shows a deficit of $53,000,000 for the present fiscal year; ordinary expenditure was reduced by $19,000,000, notwithstanding this fact there is a gap between expenditures and ordinary revenue. Funds had to be found to meet the deficit, therefore new taxes had to be levied. The Canadian people expected that such measures would be taken, because the late administration had been extravagant during prosperous years, when our administrators of that date should have economized so as to prepare for rainy days, these years of crisis and depression. They were improvident and the people, to-day, are called upon to make sacrifices. We, therefore, note that 40 per cent of our federal budget will be absorbed in meeting the interest on loans contracted in the past.

All are interested to see that the finances of our government should be placed on a sound basis and to obtain such a result all must contribute their quota.

The burden will, however, not be felt by the ratepayers with little means; the large majority of our people will be affected by only one of the new taxes, namely, that on sugar. The latter has given rise to innumerable criticisms by our opponents; however, if we admit that the government needs further revenue, we must also recognize that all

Canadians must do their bit. This tax will certainly have the good effect of inducing our people to consume a greater quantity of maple sugar. The producers of this commodity throughout the country and especially Quebec, will benefit by it. The same may be said for the producers of honey. There will be a greater demand and better prices for these products.

The farmers and exporters of live stock, bacon, ham, poultry, fish, tobacco, eggs, cheese and other dairy products, were glad to hear that the government would guarantee them $4.60 on each sale, amountng to £1 sterling, made to the United Kingdom, and, should the value of the pound sterling drop below this figure, in Canadian funds, the government will make up the difference. All farm products will benefit by this measure and the farming class will greatly benefit by this stablization of the exchange. I am pleased to note that the government is doing everything possible to help agriculture, the main industry of this country, the foundation of prosperity. As a representative of a constituency which is three-quarters rural, I laud such an act.

The unemployment relief work and the dole system forces the government to make considerable outlays. Nobody refuses to help those in distress, because of the lack of work caused by the world-wide crisis.

May I, sir, suggest to the house a plan which I think affords great advantages, it was adopted by the municipal authorities of Grand'Merè, in the county of Champlain, and has proved entirely satisfactory to everybody, while economizing considerable sums.

The town of Grand'Merè lies about 27 miles north of Three Rivers. This town owes its importance to the paper industries located there. It is at Grand'Merè that the Laurentide Company established one of the first paper mills in Quebec. As the electric power at their disposal was greater than what they required, the Shawinigan Water and Power company purchased the surplus.

Gradually, other industries attracted by the low cost of the electrical h.p. and labour, as well as the railway facilities, located themselves at Grand'Merè. There are now two boot and shoe factories, a hosiery manufacture, etc. A large portion of the population depended for a livelihood on the paper mills. When, throughout Canada, the paper industry became stagnant, owing to the present crisis and, especially, the over capitalization of this industry, a large number of workmen, in Grand'Merè, lost their jobs. Consequently, in 1931, the town decided to carry out certain public works to increase its importance as a manufacturing centre and thus give work to its unemployed.

Both the federal and provincial governments approved the scheme sponsored by the municipality and furnished a proportion of the funds to carry out this work. Thus heads of families were given work and nobody suffered from want. However, on May 1, 1932, the government notified the town authorities that no further funds were available to carry out their municipal works, and that they would have to depend on their own resources; promising, however, their cooperation in connection with any well planned project which the town might think fit to submit to them.

The question was an urgent one. The town authorities coped with it immediately, in a way which showed the energy and initiative which animated them. As early as the middle of May, the mayor and the municipal council had adopted a plan of action based on the following fundamental principles:

1. No dole would be distributed.

2. To heads of families, work would be given to keep them occupied and also to provide them with food and fuel for the next twelve months.

3. Where cases of distress occurred the town would place the necessary amounts in care of a charitable society already existing and independent of the municipal council, its duties would consist in ascertaining the needs of families, as regards food, clothing, etc., and supply them. This charitable society would provide goods, never any money, and the person receiving them would have to sign a receipt, as well as a promise to repay their value by working for the municipality when required, and at the rate of 35 cents an hour. Those thus assisted could not be looked upon as depending on charity but rather as borrowers who would reimburse such loans by their work.

The town authorities were of the opinion that unless they could find work for the unemployed the dole system would cost them about $5 per head, monthly, while with the scheme they had worked out the cost would amount to less than half that figure. The number of unemployed to be given relief amounted to about 400, and between 2,000 and 2,500, including their families and other dependents. After the government had assured themselves of the feasibility of the measures adopted, the municipality requested the necessary funds as provided by the unemployed relief act.

The municipality rented about 150 acres of uncultivated land. The ploughing and harrowing of the soil was done and the land

was divided among heads of families, in patches of ¼ or ½ acre. Towards the end of May, a delegation of the municipal council went to Quebec to request the provincial government to approve the scheme. The government gladly acquiesced and supplied all the seed grain and the services of experts from the College of Agriculture in order to make a success of the scheme.

May I point out to the house that the municipality paid a very small amount, as rent, for these 150 acres of land, for, with the exception of a small corner, the land was uncultivated.

Tractors, ploughs and harrows immediately began work and land surveyors proceeded to measure out the plots. Following the advice of the provincial Department of Agriculture, the municipality purchased about 60 tons of fertilizer. Each owner of a plot of land was given six varieties of seed grain with instructions how to sow them. Each plot of land was numbered and bore the name of the owner. In June, 342 plots, representing 142 acres, had been sown under the supervision of three provincial experts. In one day alone 752 bags of potatoes were sown.

This scheme, heretofore, has cost the municipality about $5,000, this includes the land, fertilizers and labour. By these means, 342 families are provided for 12 months with vegetables. The municipality established regulations to prevent waste or the sale of the whole crop.

Most of these plots of land produced excellent crops. The owners and their families worked steadily. Cases of neglect were scarce and when they occurred those at fault were deprived of their patch of land and left to their own resources.

When the reaping time arrived, the municipality again cooperated by transporting the crops and storing them so as to distribute them when need be. This part of the scheme, therefore, provided a quantity of food.

The other part of the scheme refers to fuel which, in the past, was supplied free by the municipality. The provincial government and companies which owned timber limits conceded certain strips of land where unemployed were placed and lodged in summer camps. they, however, received no pay but food was provided. Sufficient wood, therefore, was cut for the winter. The municipality undertook to deliver the wood to the homes of the unemployed. The latter were, therefore, provided with sufficient vegetables and fuel for the winter.

The welfare bureau granted them with other necessities for which they gave a receipt and undertook to repay when required, by working for the municipality.

The town authorities are in a position to prove that had it not been for their well planned scheme, the government would have had to contribute about $5 per head, weekly, while their contribution now only amounts to about $2.50 per head.

The scheme is based on the principle that the unemployed must do their bit. Councils, experts and assistance provided give them the assurance that when they do their share they are not forsaken.

The promise given by the unemployed to repay by their work the assistance in kind they receive removes from the scheme this touch of charity which is so often disagreeable and demoralizing.

No doubt the scheme could not alone defray its expenses. It has however the merit of lightening the burden of municipalities and governments and encouraging the unemployed.

I would deem, sir, having done my duty towards my country, if the scheme adopted by the town of Grand'Mère, which I have submitted to the house, was of a nature to render the same services to other cities in Canada, and, thereby, saving large amounts to the treasury, while encouraging our workmen who are at present unemployed.

Mr. FRANK BOYES (East Middlesex): Mr. Speaker, I wish to make a few observations in connection with the question now before the house, but before doing so I would like to take this opportunity to congratulate the Minister of Finance (Mr. Rhodes) upon the very admirable budget he presented to this house. I feel sure that this budget is being received with considerable favour throughout the dominion. I have the honour of representing a riding located in the western part of the province of Ontario, that of East Middlesex. The population of this riding is partly rural and partly urban, and I feel it to be my duty to represent the people of the rural districts as well as those of the urban centres. This duty has been a comparatively easy matter because of the fact that the Prime Minister (Mr. Bennett) as well as the government have been thoughtful of both classes. My riding contains part of the city of London and the eastern half of the county of Middlesex, and I should like to join with the hon. member for London (Mr. White), who has represented that riding so ably for so many years, in bringing a couple of matters to the attention of this government.

The first matter to which I would direct attention is that of the post office in London. This building was erected a great many years ago when the city was possibly not more than thirty per cent of its present size. It is very much out of date. I know the present finances of the country will not permit the building of a new post office, but I ask the government to keep this matter in mind when finances improve.

Another matter which I wish through the house to bring to the attention of the acting president of the Canadian National Railways is the necessity for a new Canadian National Railway station at London. There is an old building there which was built many years ago. About two years ago the Canadian National elevated the railway tracks and built subways, and I believe the intention then was to proceed with the building of a new railway station, but financial conditions became worse and it was not proceeded with. I wish to bring to the attention of the Canadian National Railways the importance of having this railway station built as soon as finances will permit.

I wish to-night to deal more particularly with agriculture, but before doing so may I say that I have been most favourably impressed with the government's action in dealing with those in this country in urban territory. Shortly after this government came into power a special session was called for the purpose of granting money for the relief of unemployment. The sum of $20,000,000 was voted, and unemployment was adequately taken care of. We had a number of unemployed in the city of London but I believe that these men have been taken care of very well indeed, and that satisfaction has been given.

So far as the rural territory is concerned, the city of London being located in the centre of the riding of East Middlesex, it will readily be understood that a number of those engaged in farming operations in the vicinity raise a considerable quantity of vegetables. Protection has been given to the vegetable growers by this government, and in addition seasonal duties have been established which have been of some benefit to those engaged in the market gardening business.

Coming now more particularly to the tariffs which have been imposed by this government since it came into office, I wish to compare the present duties on a number of farm commodities with the tariffs previously in effect:

Comparison of general tariff rates of customs duty on certain farm products immediately preceding the coming into power of the present government and at the present time, March 23, 1933:

Products	Previous Rates	Present Rates
Live hogs	1½ cents per pound. With countervailing provision to effect that if any country imposes higher duty on live hogs from Canada equivalent rate applies.	3 cents per pound.
Cattle	25 per cent, about one to two cents per pound.	3 cents per pound.
Sheep and lambs	25 per cent, about one to two cents per pound.	$3 each.
Meats, fresh, n.o.p.—		
(a) beef and veal	3½ cents per pound.	8 cents per pound.
(b) lamb and mutton	3½ cents per pound.	8 cents per pound.
Bacon, hams, shoulders and other pork	2 cents per pound.	5 cents per pound.
Eggs in the shell	3 cents per dozen.	10 cents per dozen.
Cheese	3 cents per pound.	7 cents per pound.
Butter	7 cents per pound.	14 cents per pound.
Peas	15 cents per bushel.	1 cent per pound.
Oats	10 cents per bushel.	16 cents per bushel.
Rye	10 cents per bushel.	15 cents per bushel.
Wheat	12 cents per bushel.	30 cents per bushel.
Hay	$2 per ton.	$5 per ton.
Potatoes	Free.	75 cents per 100 pounds.
Milk and cream	17½ per cent of value.	25 per cent of value.

The Import Duties Act of the United Kingdom, which became effective March 1, 1932, provided for free entry of empire dairy products into the markets of the United Kingdom, and for a ten per cent tariff on dairy products from non-empire countries. The preferences extended to Canada and to the other dominions under the Import Duties Act were to become inoperative after November 15, 1932, but in the meantime the agreements negotiated at the Imperial economic conference held at Ottawa during July and August were implemented by the parliaments of the United Kingdom and of the dominions.

[Mr. Boyes.]

The preferences on dairy products accorded to the dominions as a result of the agreements negotiated at the Imperial economic conference are in the form of free entry to products of empire origin, with duties applied to products of non-empire origin. The preferences to be enjoyed by Canadian dairy products in the markets of the United Kingdom are as follows:

Cheese, 15 per cent ad valorem.
Butter, 15 shillings per 112 pounds.
Condensed milk whole sweetened in addition to sugar duty, 5 shillings per 112 pounds.
Evaporated milk not sweetened, 6 shillings per 112 pounds.
Milk powder and other preserved milk not sweetened, 6 shillings per 112 pounds.

Since, as already pointed out, empire countries supply almost 88 per cent of the cheese imported by the United Kingdom, and practically all imports of the type of cheese produced in Canada, it was felt that a preference on cheese would not of itself be very effective in raising prices by reducing the quantities imported from non-empire countries. But since preferences were to be granted on other dairy products, a corresponding preference on cheese was necessary; otherwise non-empire countries exporting butter to the United Kingdom would in all probability divert milk from the manufacture of butter, to the manufacture of cheese, which would enter into competition in the markets of the United Kingdom with cheese from the dominions. The Canadian viewpoint was that no action should be taken which would place the cheese industry at a disadvantage.

If the desired result of such restriction of imports of hog products is obtained, cheese will for the reasons already mentioned advance in price. In this connection it might be noted that Canada is, for five years, guaranteed free entry into the United Kingdom for a maximum of 280,000,000 pounds per year of bacon and hams of good quality.

The budget also brings down another proposal which will be of great benefit to agriculture. After giving most careful consideration to the problem with which agriculture in this country is confronted in selling its products in countries with depreciated and fluctuating currencies, the government has decided to establish an agricultural stabilization fund, from which there will be paid to Canadian exporters to the British market on a certain range of agricultural commodities the difference between the price actually received and the pound sterling valued at $4.60. In other words, to the extent that the pound sterling falls below $4.60, the difference will be made up by the government. The agricultural stabilization fund will apply to the following commodities: animals, meats, including bacon and ham, poultry, fresh fish, canned fish, tobacco, cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey. You will notice, Mr. Speaker, a considerable increase in the preference afforded by the Imperial economic conference, with the stabilization of the pound at $4.60. Hon. members will note especially the protection afforded in connection with butter. Canada is receiving considerable benefit from that protection. The hon. member for Brome-Missisquoi (Mr. Pickel) has made some comparisons of prices before and after this government came into power. I shall attempt to enlarge upon his statement.

In 1929 the average price of butter in Montreal was 39¼ cents; in the same year the average price in New York was 45 cents. On April 3 of this year the price in Montreal was 24¼ cents, while that in New York was 17¾ cents. I ask hon. members to note the difference between prices when the former government was in power and those now obtaining. While in 1929 the Montreal price was 5¾ cents less than that obtaining in New York, on April 3 of this year it was 6½ cents higher than the New York price, making a difference in that time of 12¼ cents a pound. To-day New Zealand butter is selling at 68 shillings per 112 pounds which, at $4.11 to the pound sterling, is equivalent to 12·48 cents per pound. On this basis Canadian butter for export would be worth about 11 cents delivered at Montreal. It is quite evident that we are receiving a considerable benefit through the protection afforded on butter. If conditions were the same as those obtaining prior to the time this government came into power, I am quite sure we would not be receiving 11 or 12 cents per pound. It would be quite an easy matter for New Zealand to send butter into Canada and sell it as cheaply if not cheaper than they sell it in England. I am quite sure they would be willing to sell butter in Canada to-day at 11 cents per pound.

Canada is receiving a preference on her cheese in the English market. On April 1, 1933, with the pound at $4.60, New Zealand whites were selling at from 39 to 40 shillings per hundredweight, which means 7·15 to 7·34 cents per pound. New Zealand coloureds were selling at 47 shillings per hundredweight, or 8·62 cents per pound. Canadian cheese was selling at from 60 to 66 shillings per hundredweight, or 11·01 to 12·11 cents per pound. It is possible that within a short time cheese may increase in production so that we shall have some for export. In that event the price will not be influenced by local trade which we enjoy to-day. Owing to the protection afforded by

this government cheese is receiving a benefit of seven cents per pound. Were it not for this protection I feel confident New Zealand would be exporting cheese to Canada, and our price would be less than it is. As I have said, it is possible that we may soon be required to export cheese to England, and I should like to bring to your attention, Mr. Speaker, some of the advantages we will receive when we enter the export market. I shall place on Hansard some figures showing a percentage increase in price due to stabilization of the pound at $4.60.

Exchange at	Increase per pound with cheese at 10 cents
$3.60	2.77
3.70	2.43
3.90	1.79
4.00	1.50
4.10	1.22

I believe these figures show a considerable benefit and I am certain that those who produce the milk for the production of cheese will receive this budget with great favour. We are producing a very large quantity of cheese in Canada to-day. In 1930 we exported 74,260,700 pounds of cheese, whereas in 1932 we exported 83,813,900. Hon. members will see that the benefits received on that quantity of cheese will be considerable.

I should like to say a few words with regard to the grading of cheese in Canada. A few years ago the federal government appointed a staff of cheese graders to grade cheese for export. I give the government of that day credit for arranging for that grading. Our cheese enjoys a good reputation in England to-day. Hon. members who have spoken before me have stated that we are receiving a preference on our cheese. The statement was made a few days ago by the former Minister of Agriculture (Mr. Motherwell) that the previous government should receive credit for the premium paid on Canadian cheese in England. I am afraid I cannot agree with the hon. gentleman, because even though the former government did establish the grading system, the actual inspection has been carried out by the provinces. If the grading of cheese ensured a premium on Canadian cheese in the English market, I cannot understand why the former Minister of Agriculture would favour one province and not another in that connection. I can say that the grade of cheese in the province of Ontario and Quebec, so far as No. 1 quality is concerned, is not equal. In the province of Quebec the average percentage of cheese scoring No. 1 and special in 1931 was 89·41, and in 1932 the average percentage scoring No. 1 and special was 86·32. This is a very good showing indeed in the province of Quebec, but I wish to point out to the former Minister of Agriculture that the inspection as carried out in the province of Ontario has been a little more effective than it has been in Quebec—

Mr. FAFARD: Will the hon. member permit a question? Is my friend aware that Quebec took first prize at Toronto exhibition last year?

Mr. BOYES: I was not aware of it. It will have to be proven to me that it is the case. If it is I shall be glad to note the improvement. But in Ontario in 1932 the average score of No. 1 and special cheese was 96·38 while in the province of Quebec it was 86·32. I am not wishing in any way to discredit the province of Quebec; even a score of 86·32 is good, yet in Ontario with their special system of instruction they were able to attain an average score of No. 1 and special of 96·38. Further, sir, I wish to draw to your attention the fact that the province of Ontario is divided into different sections—the northern, eastern, western, and central, and in the northern section the average score was 88·42; in the eastern section, 95·29; in the central section, 96·87, and in the western section, 98·37. I wish to give credit where credit is due, that is to the men in the western part of Ontario—they have done excellent work, making a very fine article of cheese grading an average score of 98·37. In the county I have the honour to represent, the county of Middlesex, the average score of No. 1 and special was 99·1. This will show that those in that county are doing very excellent work.

As I stated before, we are receiving a premium for our cheese in England. The government of Ontario has tried to do its duty in seeing that the finest possible article is produced. The province of Quebec is also making an excellent article, but I do feel that the instruction work in the province of Quebec might be a little more effectively carried on and the percentage of high grades increased up to what it is in Ontario, and then we might receive in the old country a greater premium on our cheese than we do at the present time. I hope this will be carried into effect in the near future, as it will result in a great deal of benefit.

In conclusion I wish to say that I think this budget is being received with great favour in the Dominion of Canada, and especially in the province of Ontario. The

agricultural population, I am sure, thank the Minister of Finance for the benefits to the agriculturists. I have heard quite a number who are opposed to me in politics commend this budget and express themselves as very favourable to this feature. If hon. members to your left, Mr. Speaker, were not so strongly influenced by their politics, if they expressed their honest sentiments, they would join with us on this side of the house in the belief that we have in the Right Hon. R. B. Bennett the right man in the right place.

On motion of Mr. MacInnis the debate was adjourned.

On motion of Mr. Guthrie the house adjourned at 10.50 p.m.

Tuesday, April 11, 1933

The house met at three o'clock.

STATUTE OF WESTMINSTER

LEGISLATION TO GIVE EXTRATERRITORIAL OPERATION TO ACTS OF PARLIAMENT

Hon. HUGH GUTHRIE (Minister of Justice) moved for leave to introduce Bill No. 74, respecting extraterritorial operation of acts of the parliament of Canada.

He said: Mr. Speaker, may I ask for the unanimous consent of the house for the purpose of introducing a bill to give extraterritorial operation to the acts of the parliament of Canada pursuant to the statute of Westminster. If I might have the opportunity now of introducing it, I should be obliged.

In so doing I should like to mention that this particular bill does not refer to section 1024 of the criminal code. The law officers of the Department of Justice have advised me that it would be better to add an express clause to Bill No. 71, which is now before the house for the reenactment of section 1024 of the criminal code. I mention this matter because the hon. member for Quebec East (Mr. Lapointe) has a similar proposal in a bill which he introduced only a few days ago.

Motion agreed to and bill read the first time.

VISIT OF JAPANESE WARSHIPS

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, a week ago to-day the hon. member for Winnipeg North Centre (Mr. Woodsworth) asked a question with respect to the visit of a Japanese warship to Vancouver. The question was asked without notice, and I gave him a very unilluminating answer. I proposed later to give him a detailed answer, but he was not in his place. As he has not been in his place for the last few days perhaps I should now answer his question, because there has been a great deal of comment in the newspapers for some weeks with respect to this visit and its so-called imperialistic tendencies.

The hon. member's inquiry presumably relates to the visit of a Japanese training squadron, consisting of two cruisers. In October, 1932, the Japanese minister inquired from the chief of the naval staff as to whether there would be any objection to the proposed visit on the part of the Canadian government. The chief of the naval staff was authorized to advise the Japanese minister unofficially, there would be no objection to the visit of this training squadron and, on the twenty-first January, 1933, a formal request for such consent was addressed to the Secretary of State for External Affairs, by the Japanese minister. The formal consent of the Canadian government was communicated to the Japanese minister by note dated February 2, 1933.

Arrangements were made by the interested departments of the Canadian government for harbour and landing facilities, police, customs, immigration and other details, and the necessary information was communicated to the appropriate authorities of the government of British Columbia.

Commander T. Seno of the Japanese navy, and the Japanese consul at Vancouver are, with the authority of the Japanese minister, acting as liaison officers between the local Canadian officials and the Japanese squadron.

The Japanese training squadron has visited both Canada and the United States frequently, in the course of the last ten years. The giving of the consent of the Canadian government to this visit, and the arrangements for courteous treatment, are in accordance with international custom and practice.

PENSION ACT AMENDMENT

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I should like to ask the Minister of Pensions and National Health if he intends to introduce legislation during the session to amend the Pension Act, and if so, when?

Hon. MURRAY MacLAREN (Minister of Pensions and National Health): I desire to say a bill will be brought down within a few days.

GRAIN COMMISSION REPORT

On the orders of the day:

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Lisgar (Mr. Brown) asked a question regarding the tabling of the annual report of the Board of Grain Commissioners for the crop year ending July 31, 1932. I will table now two unrevised copies. It will be recognized by hon. members that this report, when sent to the printers, must be sent out to the Board of Grain Commissioners for revision, and it is now in their hands being revised. So while I table the two reports at this time it is understood they are unrevised, and there may be some typographical errors in them.

UNEMPLOYMENT RELIEF

EMPLOYMENT OF UNMARRIED MEN AT VALCARTIER CAMP

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I should like to ask the Minister of National Defence (Mr. Sutherland) whether the report is true that thousands of unmarried unemployed will be given work at Valcartier camp, and if so what sort of useful work will they be required to do.

Hon. D. M. SUTHERLAND (Minister of National Defence). Mr. Speaker, the answer is yes. Probably there will be about a thousand single, homeless, unemployed men employed at Valcartier camp. Largely they will be drawn from Montreal, because there is a necessity of getting some men out of that city. A good deal of work can be done by way of clearing roads. Sooner or later probably some new buildings will have to be erected there to replace the present arsenal at Quebec. However, that is not in immediate contemplation. At present certain preliminary work such as levelling the ground and work of that kind will be done. I have no doubt the hon. member will be quite pleased with the work done at that point.

Mr. MERCIER (St. Henri): What salary basis will apply?

Mr. SUTHERLAND: Twenty cents a day is the allowance paid to the men.

Mr. MACKENZIE (Vancouver): Is that the same allowance that is given throughout Canada?

Mr. SUTHERLAND: Yes.

[Mr. MacLaren.]

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed from Monday, April 10, consideration of the motion of Hon. E. N. Rhodes (Minister of Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, the amendment thereto of Mr. Ralston and the amendment to the amendment of Mr. Lucas.

Mr. ANGUS MacINNIS (Vancouver South): Mr. Speaker, like many speakers who have preceded me in this debate I find much in the budget I do not like. However I am going to refer particularly to only one item, namely that which affects those civil servants who are in receipt of pensions for war services. I am not going to say very much concerning this item because I have been given to understand that the government have been discussing the matter and will probably revise the proposal as it appears in the budget. I hope they will do so, because I can see no justification for the government dealing differently with civil servants in receipt of a pension than with civil servants in receipt of any other income. I sincerely hope that they will not proceed with this item as stated in the budget.

However, I cannot say that I am particularly disappointed in the budget, as I do not see that there is much that the government can do as long as they continue along the lines they are following at the present time. It seems to me that there are two courses open to the people and governments of the world at this time. The first is to make capitalism function, that is to make it provide the people with the means of life. I believe governments are doing that to the best of their ability, though without very much success. The other course, and I think a much better one, would be to realize that we have reached a stage in our industrial development where the policies of the past no longer suffice and that we must adapt ourselves to the new conditions that almost everyone to-day admits are here. However, I do not expect that the government for some time will take that position. Until they do I see no alternative except a continuance of budgets such as we have at this time, each worse than the one preceding it. The government seem to have abandoned every effort to do anything in a constructive way. The hopeful declarations and optimism of 1930 seem to have evaporated into the mists of

hopelessness and despair of 1933. But I would like to point out that this is the same Dominion of Canada which the Prime Minister so eloquently and fervently eulogized during the election campaign of 1930. The natural resources of that time are still here, the soil is just as fertile, the mechanical means of production are still here in all their former efficiency, and the human element is still with us as capable and as willing as it was in 1930. Yet hopelessness, starvation and misery stalk the land, while the government stands impotently by hoping that something will turn up that will get us out of our difficulties.

I referred to the optimism of the Conservative party in 1930. Let me quote from a speech by the Prime Minister at that time—and may I say that I am not at this time quoting it to draw attention to promises made, I am quoting it to show why it is that he cannot do anything, no matter how much he may want to, unless he breaks the bounds within which he formerly worked and which restrict him at the present time. This is from a speech made at Renfrew, Ontario, on July 16, 1930, reported in the Ottawa Journal of July 18. He said:

> There is no excuse for unemployment in our country. . . . There is no excuse for poverty. We have the people and the resources. We have the capital, but capital will not allow itself to be used unless there is stability and certainty.

I wish to read this again as I am going to draw from it a conclusion different from that which was drawn, I believe, when I heard it quoted in the house once before.

> There is no excuse for unemployment in our country. . . . There is no excuse for poverty. We have the people and the resources. We have the capital, but capital will not allow itself to be used unless there is stability and certainty.

Stability and certainty of what? What is capital used for? Used to make a profit. And unless there is stability and certainty of profit, the owners of capital will not allow it to be used. Now note the assertion, "We" have the people, "we" have the capital. The people and the capital are put in the same category, and the "we" who have the capital are the "we" who have the people. And the "we" who have the capital and the people will not allow the capital and the people to come together unless there is certainty of profit, and stability of profit. There you have the reason why the Prime Minister did not and cannot end unemployment no matter how much he wants to. It is because the capitalist class of this country will not allow him to. World development has come to the stage where it is no longer possible to invest with profit or to make a profit, consequently it is impossible to put an end to unemployment.

Unemployment is not a new thing. Unemployment we have always had with us since we have had capitalism. As a matter of fact it is absolutely essential to capitalism, and it will be with us as long as we have capitalism. Every time profits are created unemployment is also created, because profits are made out of the surplus values that the working class produce, the surplus value over and above what they receive in wages; and because over a cycle of time these surplus values accumulate to such an extent that industry has to slow down in order that they may be consumed when production is not taking place. Now I maintain that there you have the reason why the government could not end unemployment, granting of course that the will to end it was there.

Let me put alongside of that statement by the Prime Minister the following statement of the Minister of Finance (Mr. Rhodes) in his budget speech of March 21, as reported at page 3209 of Hansard. In referring to the banks he said:

> The annual bank statements which have been issued recently indicate an exceptionally strong and liquid position, while the chief concern of our banks would appear to be the difficulty of finding satisfactory outlets for the investment of their surplus reserves.

"Satisfactory outlets for the investment of their surplus reserves" means investments giving a profitable return on capital. Because these satisfactory outlets cannot be found the industry of the country languishes, regardless of the fact that people are in need. There again you have the nature of capital and its function under the present system; that is to produce profits for its owners.

To substantiate further my contention as to the nature of capital, let me refer to a speech made by the hon. Minister of Trade and Commerce (Mr. Stevens) before the Association of Automotive Engineers in the city of Toronto on October 5th last year. According to the report, Mr. Stevens asked the engineers if when considering the introduction of certain progressive machines, they had thought of the problem they were laying on the doorstep of the government of their country when machines displaced thousands of workingmen. It was that vital problem they should consider, he said. I maintain it is not the automotive engineers only who should consider that vital problem, it is the government of the day, if they are going to

allow the owners of machinery to use that machinery only when profits can be made. He said:

> We are choked with goods, yet it is not a matter of too much goods but it is the distributive system that is at fault.

The report goes on:

> Consideration of the last three years had led him . . . to the strange fact that the so-called depression was a depression resulting from plenty. Plentiful supply of goods was the chief embarrassment.

There you have the nature of capital, producing goods not to supply human needs but to be sold, and if the would-be purchasers have not the price the goods are not sold. Let me say that the goods produced in a country never can be consumed within that country under capitalism, because under our method of production and distribution the purchasing power is not provided. Now I will quote from the report of the speech of the Minister of Railways and Canals (Mr. Manion) before the Canadian section of the American Water Works Association on March 23 of this year:

> "This crisis of abundance," the speaker continued, "made us wonder what was wrong with our system when we could erect so efficient a machine for production and yet have such suffering."

We need not wonder why we have such suffering; the wonder would be if we did not have it, considering the purpose for which the machine is made and the way it operates. Then the minister went on:

> He was certain that there was no one remedy; it could be solved by no one country, nor a single leader. The main cause for the whole situation, he thought, was the war, which had left in its wake debts, the Russian experiment, nationalism and restriction of trade, lowering of commodity prices and unemployment.

The war is responsible for a great many things, but like everything else the war too had a cause. May I say just here that unemployment to-day is caused by the same thing that brought about the war of 1914, that is, capitalism and the impossibility of finding markets for the production of the workers of the world. That was the cause of the war; that has been the cause of the unemployment and distress which we find all over the world to-day. That a war of destruction should cause a crisis of abundance is something beyond my comprehension, and I should like the Minister of Railways to explain it.

Then yesterday we heard the hon. member for Stanstead (Mr. Hackett), who is not in his seat at the moment. In concluding his remarks he made a very peculiar statement, bearing in mind that we have an embarrassment of plenty and a crisis of abundance. He said:

> If our people can be made to realize that services must be paid for, and that the people must pay for them, they may be willing to yield up in aid of economy a good many of the excellent services which are being lavished upon them at the present time, not because those services are not well administered, not because they do not add much to the ease of life, but because at the present time the Canadian people cannot afford them.

Surely we have a confusion of thought here. The Minister of Trade and Commerce (Mr. Stevens) says that a plentiful supply of goods is the chief embarrassment; the Minister of Railways and Canals tells us this is a crisis of abundance, and the hon. member for Stanstead comes along and says we must give up many of the things we now enjoy because we cannot afford them. The hon. member tells us we must economize. What are we to economize on? I should like to ask. Every time we economize—and we have been doing nothing else for the last three years—we further accentuate and add to our difficulties. Are we to economize on wheat and other food stuffs when we have more in the Dominion of Canada than we know what to do with, and when they will have to be destroyed if they are not consumed? Shall we economize in our use of clothing when there is a super-abundance of the raw material out of which our clothing is made and of the machines and workers to make it? Must we economize in the use of our railways or our hydro electric power? Shall we economize in our education, in our sanitary improvements or the thousand and one things which were not known to our fathers but which have resulted from the accumulated labour and knowledge of countless generations? Of course not. We should not economize; we should find ways and means of breaking away from the dead weight of privilege and monopoly which exacts its tribute from every productive effort. Let us hope the viewpoint held by the hon. member for Stanstead is not shared by very many people in the Dominion of Canada to-day. I should like to commend to the hon. gentleman a statement made by a man who has been quoted in this house very frequently. For that reason I have a little hesitancy in reading this quotation, but I believe it is so much to the point at present that the time of the house will be well spent in listening to it. I quote from Sir Arthur

Salter's book Recovery. In the epilogue we find the following:

Before the vast magnitude of the tasks ahead, man's spirit has for the moment faltered and his vision contracted. The public mood is apprehensive where it should be bold, and defensive where broad and generous policy is most required. Everywhere men fly to new tariffs and restrictions, to nationalist policies, domestic currencies, parochial purchasing and personal hoarding—like frightened rabbits each scurrying to his own burrow. Surely it is for the moment only. Which country of us has not, but a few years since, shown the resources we now require of courage, of personal devotion, of industrial and financial leadership, of public direction, in a need no greater and in a cause less worthy? We are, if we could but grapple with our fate, the most fortunate of the generations of men. In a single life time science has given us more power over nature, and extended further the range of vision of the exploring mind, than in all recorded history. Now, and now only, our material resources, technical knowledge, and industrial skill, are enough to afford to every man of the world's teeming population physical comfort, adequate leisure, and access to everything in our rich heritage of civilization that he has the personal quality to enjoy. We need but the regulative wisdom to control our specialized activities and the thrusting energy of sectional and selfish interests. To face the troubles that beset us, this apprehensive and defensive world needs now above all the qualities it seems for the moment to have abandoned—courage and magnanimity.

I would commend this quotation to the attention of the hon. member for Stanstead; I should like him to ponder it and see if there is any reason in the world why we should economize when we have so much material upon which to draw.

The only hopeful aspect of the world situation, according to the remarks of the Minister of Finance (Mr. Rhodes), is the world economic conference which is to meet in London some time in the future. Even here the minister admits that the success of the conference rests on the solution of many of the problems which now are being discussed, such as reparations, the settlement of war debts, the disarmament question, and so on. If the success of the disarmament conference however, is any criterion of the success of the world economic conference, I believe we shall have to look elsewhere for a way out of our difficulties. It seems to me that only an incorrigible optimist could look hopefully for any successful result from the world economic conference. Cooperation, like charity, should begin at home, and before we look to London for cooperation with the nations of the world we should look for ways and means of removing the obstacles to cooperation here. It seems to me that that would be a Canada first policy worthy of the effort. However, for this government, considering their attitude since assuming office in 1930, to look beyond Canada is a hopeful indication. In 1930 we had the Canada first policy, and in 1932 we had an empire policy. We were then told that we were going to have the rest of the world pay tribute to us. Now it seems to me that if we are to have international cooperation we cannot bring it about so long as we exact tribute from the rest of the world; we cannot go to the world economic conference in that spirit. We must go there with open arms, willing to cooperate.

I have often wondered how much the Canada first policy depended on the fact that there was a Labour party in office in Great Britain in 1930. The events of the time would lead one to believe that our imperialists were preparing to cut the painter in case the Labour party in Great Britain took steps to end capitalist exploitation. In any event, we found the great empire party, that is to say the empire party of former times, coming out for the first time with the Canada first policy as the battle cry. Then we had the special session of parliament when imperial preferences were reduced; that is, the tariffs were increased against Great Britain. The Prime Minister then went over to Great Britain to attend the Imperial economic conference, where he made his proposals which were so very cleverly designated by the Right Hon. J. H. Thomas. Of course, we had also our High Commissioner, the Hon. Howard Ferguson, stating that he accepted the position in order to save Great Britain from the socialists.

However, 1930 passed on, and with it went the hope of settling our problems through the Canada first route. In 1931 there was an election in the motherland and Great Britain was made safe for capitalism once more; the empire was saved for capitalism. Then our Prime Minister went across to the old land, but this time he left his bluster on this side of the Atlantic. Then came 1932 and all our hopes were based on the imperial conference; we were told there would be wonderful results. Some of us were rather doubtful of governments being able to increase trade without increasing purchasing power, and the trade returns would seem to indicate that our fears were justified. The imperial conference having proved as fruitless as the Canada first policy, we are now asked to look forward to a world economic conference to settle the world's difficulties. Let me warn this house

and the people of Canada that there can be no amelioration of economic conditions, to say nothing of ending those conditions, so long as production and distribution remain on a profit-making basis. The capitalist world has one more chance to stave off the inevitable collapse in the event of their continuing capitalism. When the failure of the world economic conference is at last admitted, I have no doubt that Mr. Ramsay MacDonald will say that it was not a complete failure, inasmuch as it had paved the way for future conversations which might lead to an interplanetary conference. In my opinion that is the only hope of the capitalist world.

There are two things absolutely essential to capitalism: first, foreign markets; and secondly, an ever-expanding field for new capital investment. These are not to be found anywhere on earth to-day, so that if we are to continue capitalism we must find them somewhere else. Each country is steadily becoming more capable of supplying its own needs, and there is no great profit in supplying the home market, except in the matter of capital goods. Every move made by nations as well as by individual employers to improve conditions only makes conditions worse.

I wish to refer to the speech of the hon. member of Athabaska (Mr. Davies) on April 4, and if I differ from some of his conclusions it is because we approach these questions from different angles rather than because I wish to find fault. The hon. member referred to the fact that the export trade of the United States was only ten per cent of her total trade, and then he said it was obvious that the greatest market for that country was the home market. Then he made this statement:

> It would seem therefore safe to draw the conclusion that the only reason the productivity of that country cannot be taken advantage of by those who wish to do so is that the means of exchange has broken down. She has an antedeluvian system of exchange.

Let me state most emphatically that in my opinion the economic distress in the United States, in this country or in any other country I know of is not due to a breakdown in the monetary exchange system, because that system is the same to-day as it has always been. And for a time the present monetary exchange system functioned. Countries were able to carry on. They were able to carry on for two reasons: there was a foreign market for their goods, and there was a field for the investment of surplus profit. These factors are missing to-day, and that is why the monetary situation is coming so much to the fore. It would be just as logical to say that the fluctuations of the mercury in the thermometer are responsible for the fluctuations of the weather as to say that the fluctuations of the monetary system are responsible for economic conditions. Economic conditions in this and every other capitalist country are as they are because of the social relationship of the people of the country to the means of production; and this will continue to be so just so long as that relationship exists. I do not say that nothing can be accomplished by monetary reform or by a change in the monetary system, but I do say that it would be only temporary; and other things remaining as they are, we should soon be back in the difficulties in which we are at the present time.

The hon. member for Athabaska asked a question as to what the purpose of government is, and he answered his own question. He said: "The purpose of government should be to create the ideal state." That leaves a lot of explaining to be done. I would quote someone who did a great deal for his country in his time; I would give his view as to what the purpose of government should be. He said:

> To secure to each labourer the whole product of his labour, or as nearly as possible, is a worthy object of any good government.

I thoroughly agree with that definition of the purpose of government, and lest someone may think that this statement is from Karl Marx, from Frederick Engels or from some other wild socialist, let me say that its author was Abraham Lincoln. The hon. member for Athabaska then goes on to say:

> How do my hon. friends in the southeast corner of the house view the situation? They look at it in this way: Here is a man who has been working in a boot factory and is now out of work; there are others who need boots. Here is the plant. They say: "This whole thing is a dirty mess. Let the government take it over." I think that is what socialism is.

And he says further:

> —unless the real causes are got at, would we have anything more than something in the nature of a glorious scheme of national relief?

Even that would be better than what we have now because we have not a glorious scheme of national relief even though we need it. My hon. friend's understanding of socialism seems to be very elementary. If he had read any socialist literature he would have found out that the first thing a socialist goes after is the cause. We say most emphatically that the economic distress prevailing to-day is not due to lack of money, but to the fact that production is carried on not to supply human needs but to make profits for owners of capital. That is the cause and the

only cause. Profits can be made only when a market can be found for the surplus values produced by the workers. The owners of capital in every country are using every means possible to increase the volume of their production in relation to the wages paid. When production is carried on under such a system or under such conditions, the market is bound to become glutted with commodities. The issuing of more currency cannot do anything towards solving the problem unless the workers in industry are to receive, through higher wages, a relatively greater share of the products of their labour than they are receiving at the present time. But here is the rub: If you increase the workers' share the owners' share must be lessened. The crux of the whole situation is to decide how the products of industry shall be divided. Nationally there is the struggle between an owning and a non-owning class. The international aspect of the question is the struggle which is taking place among the nations of the world to find a market for those commodities which the working class in each country need and could consume. But they cannot consume because they have not the price with which to buy. They have not the price with which to buy because in the process of production they have received as a return for their labour a value less than the value they have produced. The result is that because of the smallness of their wages, the workers cannot consume the goods produced. On the other hand, the owning class cannot consume the surplus because of its magnitude and because of their limited capacity to consume.

If the hon. member for Athabaska wants to know just what is the purpose of government, let me refer him to what his own leader said during the election campaign of 1930. Speaking in Montreal on June 26, he is reported in the Montreal Gazette of June 27 as follows:

> Unemployment has become a national problem in Canada. It is the direct result of nine years of unsound economic policies applied by Liberals under Premier King, and the King government cannot escape the charge of having failed to realize that the first duty of the Canadian government is to provide work for Canadians.

Prior to assuming office in 1930, the Prime Minister insisted that it was not only the duty of the government to provide work but it was the first duty of the government to provide work for Canadians. But ever since he made that statement, the leader of the government has taken the position that the first duty of the Canadian government is to provide interest for the bondholders. As further information for the hon. member for Athabaska, I would quote the present leader of the opposition (Mr. Mackenzie King). Speaking on the relief act on February 24, 1933, he said:

> But, if a man is able and willing to work and cannot get work or find work, it seems to me that it is the state's business to endeavour to provide work for him and, if necessity demand it to look after him until he does get work. Anything short of that signified some malorganization of the affairs of the state.

I agree with both right hon. gentlemen that it is the first duty of any government to look after the welfare of its people. However, it is significant to note that both these statements were made when the respective gentlemen were on the outside looking in. I insist that the individual has the right to demand of the state every assistance that the state can give, and that the state has the right to demand and receive similar assistance from the individual. The function of a state is determined by the dominant factor or class in the state. The function of a capitalist state is to facilitate the exploitation of the working class and its government must of necessity act as the executive of its owning class. That is what we have in Canada at the present time and that is why we find so much emphasis being laid upon maintaining our "contractual obligations;" that is why we find our police forces being increased while relief expenditures are decreased. The function of a socialist state is to abolish class society, to do away with class interests and class antagonism. Its function is to foster co-operation and to organize the productive forces of the country in order to maintain a standard of living based upon the natural resources of the country, the efficiency of the mechanical means of production, the technical knowledge, understanding and willingness of the people to work.

Mr. THOMAS CANTLEY (Pictou): Mr. Speaker, before forgetting to do so, I should like to compliment my fellow Nova Scotian the Minister of Finance (Mr. Rhodes) upon the splendid presentation he made when delivering his budget speech. While I cannot equal the eloquence of the hon. member for Inverness (Mr. Macdougall), I none the less agree fully with his opening remarks of yesterday when referring to the finance minister. By virtue of the right of every member of parliament to ask for the righting of grievances before granting supply, I desire to say that I dissent from some of the proposals made by the Minister of Justice (Mr. Guthrie) in connection with the penitentiaries appropriations for the present fiscal year. So far this session I have not burdened Hansard or bothered the house with any lengthy dis-

cussion and I now crave indulgence if my remarks seem to be unduly personal. As I proceed, I fancy that the object I have in mind will become apparent.

After eight and forty years of continuous work, I planned a holiday a few years ago. I planned to visit portions of the old country and Europe which I have not seen since sometime before the war and in carrying out that plan I sailed from Montreal on May 6, 1921, making my thirty-third trip across the Atlantic on one of the new Canadian mercantile marine boats, the S.S. Canadian Commander. The passage was a slow one, occupying a fortnight. As I had nothing to do I mingled with the members of the crew, among whom was a young chap named Harris. At one time this man had been a member of the crew of one of the Thompson liners running out of Saint John, New Brunswick. I should like to relate his experience as an illustration of the prison discipline in the old country and what it means to those who have had the opportunity, the privilege or the misfortune—it depends upon how you look at it—to experience it. Upon reaching Liverpool young Harris deserted, got into bad company and undertook to do some house-breaking. Later on he was apprehended by the police, convicted and sentenced to prison at hard labour. If my memory serves me right, he was sent to Wormwood Scrubbs. His experience there, illustrating what hard labour in a British prison means, is, in substance, as follows: For some weeks after sentence he was given daily alternating periods of exercise on the treadmill, followed with an equal period of picking oakum. I fancy none of my hon. friends have had much experience in picking oakum. This means teasing by hand old, hard, tarred hemp rope into its original fibre which is afterwards used for the caulking of ships. The treadmill is built inside a wooden tank which is connected with a water main. The treadmill is geared to a pump, and while the treadmill continues to work, it pumps the water out as fast as it comes in. If the man ceases to pump, the water rises and drowns him out; he has either to pump or drown. After forty minutes of this type of exercise, he is given forty minutes picking oakum, the idea being that a period of forty minutes on the treadmill is about as much as he can stand physically.

He had five hours of this exercise in the forenoon. Then he got some dinner or lunch composed of thin skillet and black bread which is a mixture of whole wheat and barley. He got just sufficient of this to maintain life and a little more and at the end of six weeks he had lost forty pounds in weight. His narrative in regard to the scarcity of food is very interesting. He said that every crumb that could be salvaged in any way or stolen from somebody else, was utilized. If a crumb fell on the stone floor, he stooped down, moistened his finger, picked up the crumb and was glad to get it. While on the treadmill the operatives fell under the observation of the prison doctor who watched them closely, and in the case of near collapse varied somewhat the forty minute treadmill period. In short, this man was worked to the limit and fed pretty close to the point of starvation. After he got through, he took very good care, so far as the future was concerned, not to enter again a British prison or risk another period of penal servitude. In this connection it occurs to me that if some of our young bucks that are to-day occupants of St. Vincent de Paul, Portsmouth or Dorchester, had six months' similar experience, this might induce them to give some thought as to the advantages of leading a regular rather than an irregular life, and our prisons would be less popular than they apparently are at present with a considerable section of our criminal class. What is a particularly serious consideration is the startling increase of crime among the young men of this country, practically all of whom are armed, as the prison commitments of recent years so clearly show.

In this connection it might be interesting to compare the crime statistics of Great Britain with those of our southern neighbours or even our own Canadian criminal record during the past decade. It might also be interesting to note that during the past ten years practically one-half of the prisons of Great Britain have been closed, due to lack of occupation. Contrast this with the great increase in the record of prison occupation in Canada over the same period.

The prime object of our penal system is the protection of society. To this end, the main thing is to have punishment of crime, first, sure; second, swift, and, third, most unpleasant for the criminal. In dealing with the matter of prison discipline, we should be neither vindictive nor sentimental. In Canada to-day too much sentiment is wasted on self-determined criminals. Men convicted of crime should not be regarded as other than what they are—enemies of society.

Penitentiaries are penal institutions and those incarcerated therein are there as a punishment for crime committed in defiance of law, order and the general welfare of society. All such enemies of society, while undergoing prison sentences, should be

deprived of all luxuries and given only a minimum of wholesome food with reasonable periods for rest after toil. Allowances of tobacco or any luxuries I would not permit, and be it known that during the year ended March, 1932, there was spent in Canadian prisons for pipes, tobacco, and so forth, nearly $18,000; for dental services for the same inmates, nearly $10,000, and for medical and hospital treatment over $37,000. These sums, particularly that spent on tobacco and cigarettes, will, I take it, this year be much larger and, in all, for luxuries and hospitalization, will probably exceed $75,000. For library and literature last year the cost was $6,000. Notwithstanding these expenditures, some of our decayed clerical morons and antique virgins of Toronto and some other places are not yet satisfied and have expressed the view that greater luxuries should be available for these gentry. As regards physical punishment, this, under certain conditions is not only justifiable, but necessary, and is the only effective punishment for some types of offenders. For rape and robbery with violence I would prescribe the old sea-going cat-o'-nine tails, a good stiff application of say, thirty lashes, immediately after entering prison to be followed by a similar quarterly application, lest they forget.

During January last, I received a letter from one, Reverend Phillip Jones, M.A., D.D., of Toronto, enclosing some printed matter, one an appeal from the Social Service Council of Canada, Toronto, and another from the Canadian Prisoners' Welfare Association of Montreal, each covering several typed pages of advice tendered to the Minister of Justice. The opinions therein expressed and the advice so freely offered are an indication of the type of officious, meddlesome idlers who suggest that our prison population should be given suitable recreation, with payment while in prison, and whose well-being should be the subject of careful consideration by a special board to be composed of a judge, a lawyer, a physician, a clergyman, an industrialist, a social worker, a college professor and an editor, the duties of the latter, I presume, to be to broadcast the views and wishes of the prisoners. According to these gentry, corporal punishment is discredited, instead of which, prisoners should have the finer influences of literature and music, and the physical side of the inmates should be catered to by healthy exercise such as football, baseball and similar forms of recreation. Furthermore, in the achievement of such progressive and up to date treatment the prison authorities should have the aid of unofficial workers, and the prisoners' recreation should be in accordance with the national ideas of sport. Those, Mr. Speaker, are the ideas held by these gentlemen in Toronto, including the Rev. Phillip Jones, M.A. D.D., and so on. With practically all of such suggestions I am in distinct disagreement, and have some doubts as to the mental condition and capacity of those making them.

Referring to the new penal regulations as published in the Montreal Star of December 30 last, may I say that in my judgment the greater consideration there shown for prisoners is an entirely mistaken departure in prison policy. Men convicted of serious crimes should not be regarded otherwise than what they are, namely, enemies of society. Our penitentiaries are penal institutions, and those incarcerated therein are there as punishment for crimes and misdemeanours committed in defiance of Canadian law, order and good behaviour. In view of this, in my judgment these men should be deprived of all luxuries and comforts and given only sufficient wholesome food and reasonable periods of rest.

Referring to the Ticket of Leave Act and the matter of the release of prisoners who have served but a portion of the sentences originally imposed upon them—of which, so far as I am aware the last outstanding examples are those of that precious pair of scoundrels, Mowat and MacGillivray—may I say that the idea that buccaneers of that type should escape with little better than one-half of what, in popular judgment, was certainly not an excessive prison sentence, is provocative of indignation particularly on the part of those who were cognizant of and suffered from the operations of these brokers. The minister is not in his seat, but I should like to say that I do not wish my fellow members to suppose that I hold him personally responsible for the release of those gentlemen. Unfortunately, the law was, and still is, such that he had no choice in the matter.

A reasonable diminution in the time to be served by prisoners, based on good conduct, is not objectionable. I submit however that such diminution should not exceed thirty days per year of service. In other words a man given a ten-year sentence, if his conduct were uniformly good throughout the period of incarceration, might be entitled to 300 days good conduct rebate, and given his liberty after having served say, nine out of a ten year sentence. Such treatment would in my judgment be reasonable, and I submit the present law in connection therewith should be amended.

That practically exhausts what I have to say concerning the treatment of prisoners,

tickets of leave and discipline. I know of no possibility of reforming criminals except by punishment. The eternal law is that punishment of some kind must follow a crime, that the way of the transgressor is hard is true and as it should be, and the sooner these gentry understand it and the sooner it is drilled into them by practically the only way in which they can be reached, namely by physical discomfort, the quicker we will be rid of that herd of young men who to-day are occupying our prisons in practically double the number of a few years ago.

Another interesting point in connection with prisoners is that of their ages. We are told that the world is upset, due to the world war. But if we look over the prison records of most of the young men in our penitentiaries to-day we will find they range between the ages of eighteen and twenty-six. They constitute also by far the most dangerous part of our prison population. What do those young men know about the war? When the war began most of them were just out of the cradle, and were only ten or twelve years of age when it ended. Therefore the war cannot be blamed for the increase in our prison population; we will have to look somewhere else for the reason. I believe we should look first in the homes, and consider the home training. There is no such training in the homes of to-day as obtained fifty or sixty years ago. Practically every hon. member in the house familiar with these matters must agree with that statement. The period when I have to look after my family has passed. But there are men within my hearing to-day who might well consider giving more attention to the younger members of their family than a good many people in Canada are giving to-day.

Mr. Speaker, I thank you for the courtesy shown me.

Mr. T. F. DONNELLY (Willow Bunch): Mr. Speaker, I am sure the hon. member for Pictou (Mr. Cantley) will hardly expect me to follow him in his criticism of the treatment of prisoners, and his observations concerning prison reform. I am not competent to discuss those matters, in fact I am not much interested in them, because I have no friends in penal institutions.

Some time ago the house had a budget presented to it by the Minister of Finance (Mr. Rhodes). May I say that the presentation was made in a most capable and efficient manner; the minister made the best of a bad job. He had a difficult task on his hands which he performed in an efficient and capable manner, and I wish to join with other hon. members who have complimented him upon his presentation.

I should not be disposed to take up the time of the house discussing the budget were it not for certain remarks and criticisms by hon. members opposite, particularly the Minister of Trade and Commerce (Mr. Stevens) who made comments concerning speeches made by hon. members on this side of the house. The hon. member for Shelburne-Yarmouth (Mr. Ralston), acting as the official financial critic, made a very capable and efficient speech. He made a careful analysis, and his criticism still stands four square. Replies by hon. members opposite have had no effect whatever upon the remarks by the official opposition critic. His statements stand unanswered. In fact, so far as I am concerned, he covered the ground so completely it will not be necessary for me in any way to spend further time in detailed criticism. The budget has been criticized and analyzed thoroughly by the public; they look upon it as just another Tory blunder, as the work of a blundering government that has done nothing but go from one mess into another. They feel that in presenting the budget the government has just stepped into another mess, they see no good whatever in it. The point which stands out most prominently in their minds, and strikes them in the face when they look at it, is the two cent tax on sugar. With sugar at four cents a pound there is an excise tax of two cents. That is the one part of the budget which people generally throughout the length and breadth of Canada are condemning. It enters into the costs of living of our people. When I went to school there was a saying that such and such an act was as ridiculous as taking candy from a baby. This government does not take candy from the babies, but by the two-cent tax it taxes the candy out of the babies' mouths.

Mr. GOTT: Terrible.

Mr. DONNELLY: Yes, it is terrible, I believe it. But perhaps the hon. member is one of those not affected. There is only one class of people not affected, that is those who due to their physical condition cannot eat sugar. The government has always looked after the big financial interests, these big corporations, so now they are looking after the individual with a big corporation who does not dare to eat sugar. That is so my hon. friend can say "hear, hear." Throughout the length and breadth of this country that is the only individual who is exempt from this tax. In

the past we have had budgets known as Robb budgets, we had the budget known as the Dunning budget, and we had one known as the Bennett budget, but this budget is known to-day from one end of Canada to the other as the diabetic budget.

I will now refer to some remarks made by the hon. Minister of Trade and Commerce. He started his discourse on this budget by painting a particularly rosy picture, and then he said something to the effect that it may even be grim, but we are looking to the future with a great deal of confidence. He deplored the condition that the country is in at the present time, spoke of the terrible depression affecting all the world, and then turned around and tried to picture to us the wonderful amount of trade we are doing, extending our trade with different nations of the world. After I had listened to him for five or ten minutes I was almost persuaded that there was no depression in Canada at all. The minister told us about the volume of our trade. Instead of dealing with values as one would naturally expect he began dealing with volume. Of course a man in business to-day can increase the volume of business done, all he has to do is lower his prices. If a business man is financially embarrassed what he does is to put on a sale and sacrifice his goods at a lower price. And that is what the primary producer in Canada is doing to-day, he has got a fire sale on, or you might say a bankruptcy sale, he is selling his goods at a loss. Naturally we sell a larger volume, but we are not getting anything for it.

But let us look more closely into the figures quoted by the Minister of Trade and Commerce. I have before me his speech made on the 28th of March. This is what he said:

> I have here a calculation made for me by the Bureau of Statistics, which indicates that the fall in the volume of our trade as compared with 1930, is only five per cent. I refer to the total exports to all parts of the world.

Notice what he said, he said this calculation was made for him. Well, it must have been made especially for him, because I got a report from the Bureau of Statistics for the year 1932, under the same Minister of Trade and Commerce. I turn to page 3, and this is what I find:

> . . . while exports on a volume basis decreased in 1931, 15·9 per cent, and in 1932, 21·4 per cent. . . .

The minister says they decreased only five per cent, but his department says they decreased on a volume basis 21·4 per cent. Now someone is wrong. Who is wrong!

Mr. YOUNG: The minister.

Mr. DONNELLY: Well I would not like to say who it is, but he says this was made specially for him, so probably that is the reason. Probably he is dealing with it in the same way as he dealt with a question I asked him here a year ago in connection with the gambling in wheat, to which I intend to refer later on. There is an old saying that figures do not lie, but—some people should not figure. This seems to be one of the cases.

Then he goes on to say:

> We take the volume of business in 1932, and measure it by the price level of 1930, or apply to the volume of business in 1932, the price of 1930. Revaluing the 1932 exports at the 1930 price we have this result—

In 1930 the volume of business done was $895,000,000. I do not know where he gets that, I cannot find it. I looked all over for it and could not find it. But looking up the report of the Department of Trade and Commerce I find different figures entirely. This is what I find, on page 10, under Canada's Trade 1932. I find our exports, to which he was referring at that time, were, in 1930, $1,144,938,070. Taking 1932 and taking this reduction said by his own department to have taken place, that is 21·4 per cent, I find that the volume of trade in 1932, if put on the 1930 price level, would be only $899,921,323. We would therefore have a drop of over $200,000,000, not what the minister says at all. I do not know where he got those figures, they seem to be absolutely wrong. I will show more than that; I will show that practically every figure that he has used here is wrong. I cannot find one that is right. And further may I say that volume of trade is a comparison of no value whatever; the amount of money is what we are interested in.

Then he goes on to deal with tariffs, and his dealing with tariffs is the most ridiculous thing of all. The hon. member for Souris (Mr. Willis) tried the same thing. There was an hon. member for Mackenzie who at one time tried this, a Progressive Tory or Tory Progressive, and then he got a job on the tariff board. Probably they thought they might get one too. But that job has been filled, there is no more chance, and I advise them to desist because they are not going to get anything of the kind. Anyway the public is wise to it.

The minister began to analyze the trade and tariffs of the country. Probably I had better read what he said, and you will know more particularly what I am criticizing. Referring to what had been said by the hon. member for Shelburne-Yarmouth, "Up went the duties

and down went revenue," the Minister of Trade and Commerce said:

> Let us take the average duty on goods imported from the United Kingdom, other than alcoholic liquors, for the term in which my hon. friends opposite were in office. You have an average rate of 17·9 per cent. In 1932, under the present government's increased tariffs condemned so much by my hon. friends, we have a rate of only 18·62, about ¾ of 1 per cent increase on the average on dutiable goods imported from the United Kingdom.

Before the last election our friends went up and down the country telling us how they were going to make tariffs fight for us, how tariffs were going to bring back prosperity, how the tariff was going to work for the farmer. But if we have only got ¾ of 1 per cent increase I can understand why the farmers are not very well off; ¾ of 1 per cent increase is not going to do much good. I wonder if that is the reason. As a matter of fact, Mr. Speaker, there is nothing in that at all; it is absolutely absurd and ridiculous. There is no sense in comparing averages in connection with tariffs; it cannot be done. It is like the story they tell of the man who was making sausages. They asked him what he was using to make them, and he said he was making them from horses and rabbits. They asked how he mixed them and he said, "I am mixing them fifty-fifty." They questioned that and he said, "Yes, fifty-fifty; one horse and one rabbit." That is about all it amounts to when you compare these averages in connection with tariffs. It is no good at all. Let me give an example. When the Liberals were in power we were paying 40 cents a pound for butter. If there had been a tariff of 8 cents per pound at that time it would have meant a tariff of 20 per cent. Not very long ago the price of butter was 20 cents a pound, and we have a tariff of 8 cents; that meant a tariff of 40 per cent on butter. So when you talk of percentages in this way it means nothing at all; it is of no use whatever. Then again, Mr. Speaker, we know that it is quite possible to have a long list of goods on the free list and another long list of goods with an extremely high tariff; the result will be that none of the goods under that high tariff will come into the country, so everything entering will be free simply because the tariff is so high that it keeps everything out. That is what this government is doing; it is making the tariff so high that it is keeping everything out of the country; it is cutting off our trade by prohibitive tariffs, and that is why averages such as these do not mean anything at all.

[Mr. Donnelly.]

Even if the averages were of any value the figures given by the Minister of Trade and Commerce are absolutely ridiculous. They do not mean anything; they are not correct, as I shall endeavour to show. The minister said:

> Let us take the average duty on goods imported from the United Kingdom, other than alcoholic liquors, for the term in which my hon. friends opposite were in office. You have an average rate of 17·9 per cent.

That is wrong.

> In 1932, under the present government's increased tariffs condemned so much by my hon. friends, we have a rate of only 18·62, about ¾ of one per cent increase on the average on dutiable goods imported from the United Kingdom.

I say that is wrong, and my authority for that statement is the same report from the minister's own department, which I have before me. Turning to page 12 I find the following:

> Canada's dutiable imports from the United Kingdom, less imports of alcoholic beverages and tobacco, but plus imports free of duty under the preferential tariff,—

Then the figures given by the minister are quoted. One or the other is wrong; either the man in the bureau of statistics who compiled this report is wrong or the Minister of Trade and Commerce is wrong. I leave it to the house; hon. gentlemen know well enough that the figures given by the minister were wrong according to the figures set out in this statement issued by his own department. But this is in line with what the minister has done all the way through, in one thing after another.

Let us go a step further. Not only are the minister's figures wrong; I say that if he had taken the right figures on these dutiable goods coming in from the United Kingdom under Liberal rule from 1922 to 1930, the period to which he referred, he would have found that the average was about 18.35 per cent. In 1932, the first full year of Conservative rule, we find that the dutiable imports from the United Kingdom totalled approximately $79,693,000, and that the duty paid amounted to about $23,305,000. The liquor imports totalled $21,694,000 and the duty paid amounted to $10,111,000. Thus the average duty on all the imports from the United Kingdom, with the exception of alcoholic beverages, was 22.75 per cent instead of 18.62 per cent, which was the figure given by the minister.

But that is not all, Mr. Speaker; there is something else to be taken into consideration.

This government put an excise tax on all goods coming into this country, which is the same as a duty. All goods had to pay that excise tax of one per cent.

An hon. MEMBER: Three per cent.

Mr. DONNELLY: No, it was made 3 per cent in 1932. I want to be fair to the government, and these are the returns for the year ending March 31, 1932, while the 3 per cent tax was not put in force until the end of March, 1932. It must be remembered also that this excise tax is collected on the duty paid value, so that gives us a total of 23.98 per cent. But even that is not all. This duty is calculated on the basis of the pound at $4, but the duty was collected on the basis of the pound at $4.86⅔. So now we have the duty totalling 29.16 per cent. That looks more like it. These people had some grounds for saying they were going to make the tariff work, but I leave it to the public to say what kind of work it has been doing. This government raised the tariff all right; we will admit that. They raised it from 18.35 per cent under Liberal rule to 29.16 per cent for the first full year of Conservative rule, and it will be higher than that this year, because now we have the 3 per cent excise tax. When we figure it out we will find that the average will be about 32 per cent instead of 29.16. They have raised the tariff, all right; they have shut off our trade with the outside world, and now they are trying to prove that they have not raised the tariff at all. I am willing to give them all the credit they deserve for raising the tariff, but I think if there is one thing in the world to-day more than another that has caused our present depression it has been this extreme nationalism, this prohibitive tariff, this idea that we must have higher and higher tariffs and that each country should live to itself and not trade with its neighbours.

I submit, Mr. Speaker, that the only true index of tariffs is the duty collected. Under the Liberal rule we collected 6 per cent on farm implements; at the present time they are collecting 25 per cent. That is all we need say. The present tariff on cream separators is 25 per cent; under Liberal rule they were free. What is the tariff on barbed wire now? It is 10 per cent, but under Liberal rule it was free. That is all we need to know, and that is the only true test. The other night I listened to my hon. friend from Rosetown (Mr. Loucks) tell us that he had been in Montana and North Dakota and could not find any difference in the prices of farm implements there as compared with the prices in Canada. I have under my hand a list of prices of farm implements in the United States and a list of prices of implements in Canada, and I shall be glad to show them to any hon. member who wishes to see them. I shall give only one or two figures so that the house may have an idea of the comparison. Here is a new Deere gang plough, which is the usual plough used in western Canada, fourteen inch, extra heavy. In Canada it is worth $152 cash and in the United States $118.75, or a difference of $33.25. That is not very much to the hon. member for Rosetown but it is a whole lot to me. I find also a Van Brunt single disc drill, twenty-two runs, two poles, made for four horses. Anyone who has ever farmed in the west knows what it is like. This drill sells in the United States for $182.40, while across the line in my constituency the price is $233, or a difference of $50.60. You can compare all the others and you will see a difference right through, but I give these as examples. The price in western Canada is practically the United States price with the addition of the tariff, twenty-five per cent, notwithstanding that we live just across the line. We can see their implements and we know what prices they pay, so that it is ridiculous for anyone to say that the prices of farm implements on the Canadian side are the same as the prices in the United States. Possibly $25 on the hundred may mean nothing to some hon. members, but when I put my hand in my pocket it means a good deal to me. I have had a ten per cent cut along with other members and I know what the difference is.

I come now to a matter discussed by the Minister of Trade and Commerce, namely, the stabilizing of the price of wheat—at least, what he calls the stabilizing of the price. I should not like to describe it in that way, because I remember that when hon. gentlemen opposite came into office the price was from 95 cents to $1, and the only stabilizing they have done has been to keep the price dropping steadily. They kept it going down and down, until it reached 40 cents—

An hon. MEMBER: 38 cents.

Mr. DONNELLY: Yes, it was as low as 38 cents, and that is the only stabilizing I have ever seen them do. As I say, they have kept it going steadily down. The minister went some length to tell us of the activities of the government in connection with this matter. May I say that I have been interested for some years in the handling of wheat. For some time we had two bodies handling wheat. In western Canada we gave

the grain pool our wheat and they were told to sell it and pay us our money back at the end of the year, whatever average they may have received. They did no hedging; at any rate they were not supposed to do any hedging but were supposed to sell so much wheat from week to week and month to month, so that we should have an orderly market. If we had 12,000,000 bushels they would sell 1,000,000 bushels a month, thus securing an orderly marketing of the product. But they were not supposed to be gambling in wheat; they were not supposed to use the exchange for any such purpose. They may have done so, but that was never the intention. That was one method of handling grain. We had also the organized grain trade, and whenever they would buy wheat in the country they would wire the head office in Winnipeg, informing them that they had bought so much wheat to be delivered in June or July as the case might be; and they would go on the market the next day and sell that wheat; to be delivered in June or July or whatever month it might be.

The pool, which was handling our wheat in western Canada, met with more or less success, and the price of wheat was going up. But they made the mistake of not selling the wheat in an orderly way as guaranteed. They were holding a certain quantity over and the result was that in 1929, when the price began to break, they were caught with a good deal of wheat on hand. They had made advances to the farmers on the wheat, and when the break came the price gradually fell until it dropped below the amount of the initial payment given to the farmers, and the advances which they had received from the banks were consequently in danger. In this situation it seemed that they were going to break and they asked the government for assistance, which was given them. In 1930 Mr. John I. McFarland was put in to sell the carryover of this wheat; he was instructed to sell the wheat which the pools had left over from the 1929-30 crop. That was what he was supposed to do—to sell the wheat which the pools had left over from that crop. After he had been there for a while what did the Minister of Trade and Commerce, as the hon. gentleman informed us, tell Mr. McFarland to do? I would refer the house to Hansard at page 3468, where the minister is reported as follows:

> Recognizing this fact and appreciating the serious loss which would be entailed, particularly to the producer, the government authorized Mr. John I. McFarland, the head of the pools sales agency, to purchase grain for future delivery. . . .
>
> [Mr. Donnelly.]

Not to sell grain at all, but to purchase grain for future deliveries. Remember what I said he was put there to do. He was put there to sell the carryover of the 1929-30 crop, but here we have the government telling him to purchase grain away back in 1930. When we were sitting in the committee with James Robertson, and Smith and the others, dealing with this very matter, John I McFarland had been authorized at that time, I am told, to buy wheat. Thus it came about that last spring I asked the Minister of Trade and Commerce a question with regard to this very point, whether John I McFarland was buying futures and whether he did have any wheat. Listen to what the minister said on April 15, 1932. At page 2084 of Hansard of that year the hon. member for Weyburn (Mr. Young) had said:

> May I say that in the Financial Post of last week the statement appeared that when Mr. McFarland undertook to sell the 1930-31 crop he at the same time bought futures against it, and that as a result of his activities the government to-day is holding millions of bushels of future wheat which it cannot get rid of, except at a loss, until the price goes up.

What answer did the Minister of Trade and Commerce make to the hon. member for Weyburn? He said:

> I do not know of a bushel of wheat held by the government, either directly or indirectly.

What are we to say to that? Here he turns round now and tells us that instructions had been given to buy wheat. What do you make of it? What do you think of a man standing on the floor of the house a year after telling us that he did not know of a bushel of wheat that was held by the government, either directly or indirectly, and making the statement which the Minister of Trade and Commerce made to this house the other day? When telling us the other day that John I McFarland had been told to buy wheat, he said, addressing the hon. member for Charlevoix-Saguenay (Mr. Casgrain):

> Let me again assure my hon. friend (Mr. Casgrain) I had this written out merely for the purpose of accuracy owing to the importance of the subject and my desire to get before the house as clear a statement as I could give it on this very important matter.

So that this is no haphazard statement, but one deliberately thought out.

Mr. CASGRAIN: Prepared by the government.

Mr. DONNELLY: Yes, prepared for delivery by the minister in the house. He had told Mr. McFarland to buy wheat, and in this very statement he said that this was not

a gamble but the most conservative form of doing business. Well, if any man appeared in a court of law and said that the buying of wheat futures was not a gamble, he would be laughed out of court. I suggest to the Minister of Trade and Commerce that he go into western Canada and tell them that the government was buying wheat futures and that it was not gambling. Let him do that and see what they will say to him. If that is not gambling, no one in western Canada has ever gambled in wheat. That is the way they all gamble and it is the only way they can gamble, outside of buying puts and calls. Very little of that is done, the gambling in wheat is done principally by the buying and selling of futures. Mr. McFarland buys wheat to be delivered in July. When July comes he has either to take delivery or postpone delivery to some other month. He must pay the interest and the carrying charges. But this is only conservative business, it is not gambling at all. I would remind the minister of what his leader has said, I refer him to page 779 of Hansard of 1931, where his leader is quoted as follows:

> What is the cause of the great depression in western Canada? Hon. gentlemen opposite know that the most important cause is speculation.

The Prime Minister was very hostile at that time and he was telling the farmers how they had lost their substance in gambling and riotous living. Later on in the same session the Prime Minister referred to Mr. Priestly, the vice-president of the United Farmers of Ontario, who had appeared before the Stamp commission in the city of Calgary. He quoted a newspaper report, as follows:

> While on occasions farmers have been borne to the crest of prosperity on the wave of the system, they found on looking back that they had spent more time in the "trough of poverty" than in the joy of prosperity. Dirt farmers now believed that "paper wheat" had too much influence on the price of real wheat.
>
> Dealing with the money side of the question, Mr. Priestly quoted the results of his survey which showed the losses in excess of one hundred million dollars.
>
> Individual losses, he declared, were all the way from a few hundred dollars to $168,000. "In some instances it was shown that farmers lost everything—land, crop and equipment," said Mr. Priestly.

That is what the government has been doing. The other night the hon. member for Peace River (Mr. Kennedy) stated that the farmers were pleased with the wheat stabilization plan, but I want to say to him and to the government that I have not met a single farmer in western Canada who believes that the stabilization plan has had one particle of effect upon the wheat market. Does the hon. member know that hundreds of speculators bought wheat in Chicago and came over to Winnipeg and sold it to the government? The government was buying not only Canadian hedges but American hedges as well. We have seen the results of other attempts at stabilization. Look at what happened in Brazil when an attempt was made to stabilize the price of coffee. Look at the United States where the farm board poured hundreds of millions of dollars into the market in an effort to stabilize the price of wheat. Their efforts had absolutely no effect, and yet this great Samson of ours was going to go out to put his shoulder under the wheat market to hold up the price. It was absolutely ridiculous. It is the world's supply and demand that governs the price of wheat. We hope that later on in the session the minister will tell us how much wheat was purchased and how much money the government expects to make. There is a chance that they will be able to get out. All of us have been in the wheat market at some time or other; some of us got out with a loss and some with a gain, while others will be lucky to get out with their hides.

Mr. SPEAKER: The hon. member has spoken for forty minutes.

Mr. DONNELLY: We must all take off our hats to the wheat trade. They started in and they skinned the wheat pool until they were broke; they skinned the western provinces until they were broke; they skinned the western farmers until they were broke, and now they are skinning the Dominion government.

Mr. ONESIME GAGNON (Dorchester): Mr. Speaker, I hope the hon. member who has just taken his seat (Mr. Donnelly) will pardon me if I do not attempt to follow his line of argument. I was obliged to leave the chamber and did not return until he had been speaking for almost twenty minutes. Therefore, I shall not attempt to reply point by point.

I desire to express my humble views upon the budget, which views I hope will be shared by my constituents in Dorchester. The discussion upon the budget affords a member an excellent opportunity to discuss not only the problems which confront the country as a whole but the special conditions arising in his own province and constituency. It provides also an excellent occasion to review and compare the policies of the different political parties and ascertain whether they are for

the welfare of the country. Canada is struggling along under enormous difficulties and the Canadian people expect a continuance of that masterful leadership which so far has saved the country and which I hope will, with the aid of divine Providence, continue fearlessly for the common good. It has been said that adversity puts statesmen on trial. The Minister of Finance (Mr. Rhodes) has undertaken a courageous and excellent task in finding the ways and means to balance the budget. I have no hesitation in offering here, as I will before my constituents, my most sincere congratulations. The Canadian people as a whole are appreciative of the enormous strain to which he and his colleagues have been subjected in their efforts to preserve the integrity of this country. Canadians of all classes recognize that the ship of state would soon be on the rocks if we were to apply the vacillating and conflicting theories of hon. friends opposite or the strange and somewhat revolutionary principles underlying the Cooperative Commonwealth Federation movement.

I need not repeat what has been better said by those who have preceded me, that the government is doing everything humanly possible to maintain the integrity of this country, to safeguard its institutions, to provide the unemployed with food, clothing, fuel and shelter and to keep the nation in peace, order and security. The Canadian people understand that the actions of the government are, as are all human acts, open to criticism but that in the main they have been guided, inspired and directed by the highest motives. In these days of suffering and depression the people look for real statesmanship and not for narrowness of vision or bitterness which will destroy the harmony now existing among the different provinces and races in Canada. In my opinion the financial critic of the Liberal party, the hon. member for Shelburne-Yarmouth (Mr. Ralston), a distinguished barrister and parliamentarian, has been more desirous of securing political advantage than offering his sincere cooperation. May I also express my amazement at the action of some hon. members opposite, for instance, the hon. member for Quebec East (Mr. Lapointe) who has not yet spoken on the budget, but who, on March 28 in Quebec City, safely surrounded by his political friends, indulged in his usual sectional attacks upon this government, which, according to him, does everything for western and nothing for eastern Canada. Such attacks are, as I shall later demonstrate, wholly unfounded.

[Mr. Gagnon.]

What is the main doctrine propounded by those two distinguished gentlemen to bring back Canada to the road of prosperity? What is the measure of their cooperation? What constructive suggestions do they offer? Nothing but vague and nebulous theories which do not receive the approval of all Liberals in this country. May I give an example? Is it not surprising to recall that those two hon. gentlemen insinuated in their budget speeches that the government was using money derived from taxation to promote radio broadcasting throughout Canada? Such views are not only erroneous but made deliberately with the idea of misleading the people and creating discontent among the poor. Everybody in this country knows that money spent on radio broadcasting is not collected from the taxpayers generally but is paid by radio set owners who are scattered all over Canada. The government has wisely decided that those who can afford radio sets are able to pay for the service they get from the state which has to provide for them the free enjoyment of our air channels and at the same time to enact regulations whereby the marvellous invention of radio will be used for the diffusion of arts, sciences and culture and at the same time be an instrument of harmony between the different races of Canada. Is it necessary to emphasize again that to maintain state control over radio, control which was adopted unanimously by the house last year, not a single cent is collected from the taxpayers at large? Radio set owners are called upon to pay for that service, and while in our country radio set owners pay only $2, yet the report of the Commission on Radio Broadcasting which was created by our hon. friends opposite, shows that in Great Britain, for instance, radio set owners pay ten shillings a year for a licence whilst in Germany and Japan they pay $6 a year, in Australia, twenty-four shillings a year, and in some other countries even more. In Canada the licence fee is only $2 a year and it is only this money which is put down this year in the estimates in order to provide radio broadcasting in Canada. I maintain further that last year when the government decided to increase the licence fee from $1 to $2, it entered with the radio set owners into a contract whereby it bound itself not to expend this money for other purposes than for the betterment of programs and the expansion of radio broadcasting in this country. Therefore my hon. friends opposite are certainly making a narrow criticism when they try to induce the people to believe that this

government is now providing for radio set owners something at the expense of the poor and, indeed, of all the taxpayers. It is easy to surmise what themes will be developed by hon. gentlemen opposite in the approaching election. I hear them assailing the government violently, saying, "People starve and yet the government spends their money on music." Knowing these Liberal tactics, I condemn such insinuations as being cowardly and contemptible.

Before commenting further on the attitude of our hon. friends opposite, let me come back to the situation of our country since April 1, 1932. A year has passed, one which has brought no happiness to this country nor to the world, one which has not given us more wealth or prosperity, but which has certainly strengthened our confidence in our institutions, which has also strengthened to a great extent the bonds of friendship between the different elements of the Canadian nation and which has instilled in our hearts the true sentiment of courage and hopefulness. In 1931 everybody remembers that the Bank of England went off the gold standard. In 1931 and 1932 in the United States thousands of state banks closed their doors and I cannot do better than use the words uttered by the hon. member for Shelburne-Yarmouth when, a few days ago he described the appalling situation of banks in the United States in these words:

> A few weeks ago, despite the inconvenience and humiliation in connection therewith, the people of the United States turned the key in the door of every bank from Massachusetts to California and from the forty-ninth parallel to the gulf of Mexico; because they believed it was necessary so to do, they did it.

Why in this country was the government not obliged to resort to such desperate means? It was because the government was vigilant enough to foresee what might happen and to take the necessary precautions to prevent such a disaster, by passing the necessary orders in council preventing the hoarding and export of gold which have had such calamitous effects in other countries.

When speaking about the banks we do not, may I humbly suggest, reflect enough on the fact that banks are the only instruments whereby the savings of the nation may be safeguarded, and those who sometimes wildly attack our banks, are not mindful of the interests of depositors. I admit, however, that the laws with respect to banks and banking ought to suit the needs of the moment and this is why the legislators of all political parties have deemed it wise that the Bank Act should be revised every ten years. It now seems opportune that I congratulate the government very warmly on the creation of a commission to investigate banks and banking in Canada. I hope this commission will begin its work very soon and if I might offer a humble suggestion, may I recommend that the scope of the proposed inquiry be extended as much as possible in order that the commission may study the vexed question of public and private debts which has been discussed in the house and in the banking committee by the hon. member for Red Deer (Mr. Speakman)? May I ask the government that this commission study attentively the problem of rural credits for our farmers? May I repeat what I have already said and what I believe to be true, namely, that the Canadian farm loan board legislation is certainly not very practical for the farmers of eastern Canada; its workings are too expensive and its interest charges are too high. The fact that the board does not operate in the winter time causes great prejudice to the farmers of eastern Canada. I understand that on account of snow covering the ground in the winter, the inspectors cannot inspect the land of the farmers who apply for loans. This objection has some force. On the other hand it seems it could be overcome if the Bureau of Statistics had carefully noted in their files all details with respect to land under cultivation in Canada. Time does not permit me to dwell at greater length on the subject. Nevertheless I hope the commission will recommend that the legal rate of interest be lowered. Not being an expert on the matter I shall not attempt to say to what extent it should be decreased, and I shall not be presumptuous enough to dictate what the commission should do. However with my humble knowledge I simply ask that the commission advise the government as soon as possible to take the necessary steps to lower the rate of interest on bank deposits and on all sorts of loans.

Need I state that the most important announcement in this year's budget is for the benefit of the farmers throughout Canada, and especially those in eastern Canada. I refer to the creation of a stabilization fund to apply to farm produce. Last year the hon. member for Dufferin-Simcoe (Mr. Rowe) and myself asked the government which, to a great extent had helped the western farmers, not to be unmindful of the pitiful condition of agriculture in eastern Canada. We both recommended that a bonus be given to farmers to promote the export of their farm produce.

This year we have been quite surprised to hear from hon. members opposite that the bonusing of farm exports was unsound in principle. Last year, however, some Liberal members opposite were in agreement with me in that connection, and during the by-election at Maisonneuve and South Huron held during the past summer hon. members opposite blamed the government for not bonusing the farm produce of eastern Canada. During those election campaigns they assailed the government by repeating their accusation: Nothing for the east and everything for the west. Now, when the government which has helped the western farmers takes a most appropriate and effective step towards helping the farmers in eastern Canada hon. members opposite say, "This help you purpose giving the farmers by way of the creation of a stabilization fund is unsound in principle." Everybody deplores the fact that owing to the depreciation of the pound sterling the price of farm produce exports has decreased to such an extent that some farmers in eastern Canada as well as those in western Canada have lost faith in the future. But the creation of the proposed stabilization fund, not only for the benefit of farmers but for the benefit of the fishermen of the maritimes and Quebec, will certainly prove that the government has given to these different problems its most careful attention.

As I said a moment ago the creation of the fund is the most appropriate and effective way of helping the Canadian farmers to increase their domestic production and to increase the volume of their exports. I have in my hand the Bulletin des Agriculteurs which, by the way, is the best informed agricultural newspaper on agriculture published in eastern Canada. I have before me the issue of March 30, 1933, on the first page of which appears an article signed by Mr. Donat C. Noiseux, one of the best informed economists in the province of Quebec. He writes as follows:

(Translation):

The new measure, announced by Mr. Rhodes, must bring joy to all farmers: it is the organization of the agricultural stabilization funds. Few newspapers pointed out the importance of this measure to farmers who devote themselves to mixed farming, this, therefore, applies to us, from the province of Quebec.

I shall not attempt to read the whole article, and shall conclude by reading the last words:

This act of the Dominion government which establishes an agricultural stabilization fund to the benefit of the eastern farmers certainly deserves our congratulations, and we believe that we are doing an act of justice by proclaiming it.

[Mr. Gagnon.]

Any hon. members who are interested in this newspaper, published in the interests of the farmers of the province of Quebec would do well to direct their attention to this article which discusses in detail the proposed stabilization fund for farmers. Almost all farm products exported will benefit from the operations of the fund. Those affected would be animals, including meats such as bacon and ham; then there are poultry, fish, both fresh and canned, tobacco, cheese, milk products, canned fruits, canned vegetables, maple products, eggs and honey. Who will say that the farmer of the province of Quebec will not receive enormous benefits from that legislation?

I wonder why the hon. member for Quebec East and his friends so strongly condemn the stabilization fund, and why he has attacked it so violently. Speaking in Quebec city on March 28, and referring to the national protection policy of the Conservative party, he accused the government of pursuing a stupid policy. We have not forgotten that the hon. member for Quebec East, who likes sometimes to abandon himself to violent flights of oratory, said in 1931 in the city of Ottawa, that the policy of Canada first was pure folly. Who could be surprised at this time to learn that the hon. member has stated, the stabilization fund for farmers is just a stupid policy based on an unsound principle.

In 1930, before the party on this side of the house took power, Canada had become the dumping ground for all foreign countries. Our distinguished leader, realizing the fact that Canada was in a very critical situation, owing to the fact that the United States, Germany, France, and many other European countries had raised their tariffs sky high, decided to go back to the national policy of protection which had saved Canada in days of depression in the past. In his famous speech delivered at Winnipeg the present Prime Minister enunciated in his program the steps he considered necessary for the restoration of prosperity in Canada. Realizing the absolute necessity of Canada protecting itself against foreign competitors, and at the same time the necessity to find new markets for Canadian agricultural products, in his usual energetic fashion he expressed his policy and stated that if necessary Canada would blast its way through the markets of the world.

Some hon. MEMBERS: Oh, oh.

Mr. GAGNON: We can hear the laughs and the derisive comments of hon. members opposite. Certainly they were not used to such definite expressions from their leader.

We remember, for instance, that the former Prime Minister and the hon. member for Quebec East, stated we ought not to raise our tariffs for fear of offending the United States. They remind me of the mother who would try to prevent the dogs from barking for fear they might awaken her baby.

Do hon. members know how those words of the present Prime Minister were explained during the last election campaign in the province of Quebec? How did they explain the expression that if necessary we would blast our way to the markets of the world? Hon. members opposite explained those words by saying that they meant a new step towards conscription. We are not surprised when they are not able to understand that the language of diplomacy may sometimes be firm and not cease to be diplomatic. History will show that our great leader was right, and anybody reading what has taken place in Canada since 1930 will acknowledge that in certain ways Canada has blasted its way through the markets of the world.

Let us state briefly what has taken place. In 1931 we made treaties with Australia and New Zealand, so drafted that now, although New Zealand butter dealers are shipping thousands of pounds of butter to Canada, this butter remains in bond until the sale of it will not be injurious to the butter producers of Canada. We secured at the Ottawa conference of 1932 substantial and profitable preferences for our goods in all markets of the empire. We have also concluded satisfactory arrangements with Germany, in a few days we hope to conclude a satisfactory treaty with France, and we already see the dawn of the day when the United States of America will come to us and offer to lower the tariff walls which have proven so disastrous to our Canadian agricultural producers. Why should we not be proud of our achievements, why should we not boast of our accomplishments, why should we not be optimists, when our conscience tells us that we have done everything possible to help agriculture all over Canada?

It is true, Mr. Speaker, that this stabilization fund will assure more than $10,000,000 to Canadian farmers, and consequently this measure of salvation will be an additional burden on the exchequer of the country. Therefore the hon. Minister of Finance has been obliged to increase taxation, because revenues have decreased, because the deficits of the Canadian National Railways have increased to an appalling extent and because, as the hon. member for Shelburne-Yarmouth has frankly admitted, in relieving unemployment the government has spent lavishly. I am pleased that the hon. member for Shelburne-Yarmouth has made that admission, in view of the fact that this afternoon the hon. member for Vancouver South (Mr. MacInnis) said we had done nothing practically to relieve unemployment. Now, Mr. Speaker, we have to find the money for that stabilization fund, for the relief of unemployment and to continue to pay pensions to soldiers. Naturally the Minister of Finance must find it somewhere. Therefore he has decided that this year he would impose a tax on sugar. Hon. members opposite profess to be horrified. The hon. member for Quebec East, speaking in Quebec on March 28, characterized such taxation as infamous. Our Liberal friends are fond of such moderate expressions. The hon. member for Vancouver South last fall referred to the Ottawa conference agreements as "iniquitous documents." And a few weeks ago the same hon. member, when discussing the railway legislation, called it an "iniquitous bill." But now the hon. member for Quebec East wants to get first prize for using wild expressions, so he calls this sugar tax "infamous." Let us consider for a moment the various aspects of that taxation. We find that refined sugar before the war sold at ten cents a pound, and during the war it sold at even more than thirty cents a pound. Since our party came into power, whether it is because the refiners were afraid of the energetic action that the government might take in using against them the Combines Investigation Act if they tried to crush the consumer, or on account of some other cause at any rate the fact is that the refiners kept the price of sugar at about five cents per pound. Now even if we add two cents a pound tax, sugar will still be selling at three cents less than it sold before the war all over Canada. Now, Mr. Speaker, why should we wonder that the hon. Minister of Finance believed that a tax of two cents a pound could reasonably be levied on sugar, when it is recognized that such a tax can be collected at the refineries, thereby saving an enormous amount that sometimes has to be spent for the collection of taxes? I have no hesitation in saying that the principle of such a tax is just, because it causes no discrimination against any class of taxpayers. Poor people, Mr. Speaker, are certainly willing to share the burden of taxation, because they are patriotic enough to understand that a government which is spending lavishly, as the opposition says, for the relief of unemployment and for pensions, and which is burdened with a heavy deficit on the rail-

ways, must find the money from some source. They are courageous enough to do their share to help the exchequer of Canada. It has been said that this tax of two cents a pound on sugar will not represent more than ten cents a week to any family, be it rich or poor. I ask you earnestly, who are the people who receive pensions in Canada, who are the people who receive relief money, who are the people receiving old age pensions, who cannot spend ten cents a week extra on sugar to help the exchequer of Canada in such times of need and depression? Mr. Speaker, those who condemn the action of the government in imposing a tax upon sugar, who call it an "infamous" tax, who take pride in imitating Robespierre and Lenin by attempting to set class against class, certainly are misjudging the sense of patriotism of the poorer classes in Canada when they accuse them of being unwilling to help the Canadian exchequer to the extent of ten cents a week. I will go further, I will say that this tax will not constitute a burden on the farmers of this country. Refined sugar is mostly used in the manufacture of candy, cakes and pastries, which are seldom purchased by our farmers in these times of depression. The tax on refined sugar will on the contrary help the farmers of eastern Canada, since this tax does not touch maple sugar and maple syrup, which last year was sold at distressingly low prices. Here we may admire the far-sightedness of the government which on the one hand helps the maple sugar producers by giving maple products the benefit of the proposed stabilization fund and on the other hand taxes refined sugar which is certainly a competitor of maple sugar products.

It is not inopportune to say a few words with respect to the maple sugar industry, which is properly called the oldest industry in Canada, and which adds much to the prosperity of the province of Quebec, and my county of Dorchester. Last year I asked the hon. Minister of Trade and Commerce to help the maple sugar producers by finding ways to increase the sale of their commodity. I am pleased here publicly to thank the minister not only for having listened to my humble views with sympathy, but also for providing this year for a publicity campaign all over Canada to stimulate the sale of maple products. This publicity campaign will be paid for in part by the maple sugar producers of the province of Quebec, in part by the Quebec government and in part by the federal government. I am pleased to tell this house that with my hon. friend for Quebec West (Mr. Dupré), the Solicitor General, I have been in close touch with the chief of the maple industry for the Department of Agriculture in the Quebec government, Mr. Cyrille Vaillancourt, who, by the way, is a native son of Dorchester and a devoted and competent official of the Quebec government. We have studied together, since I have been a member of this house, to find means to help the maple sugar industry which unfortunately had been forsaken and abandoned in previous years. Mr. Vaillancourt is largely responsible for the revival of the maple sugar industry in Quebec. Eight years ago, he established a cooperative society of maple sugar producers, called the Quebec Maple Sugar Producers, and endeavoured to put the industry on a paying basis. In one of the pamphlets published by the Quebec government I find the following:

> Before a prospective member is accepted by the society, he has to sign a contract undertaking to make his product according to the methods recommended by the society, and further, always to gather and boil his maple sap under the most sanitary conditions possible and to ship only an absolutely pure product.
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> Each member is given a number, and labels bearing the member's number accompany each shipment made to the society. It is thus an easy matter to check up on the producers if any attempt is made to defraud, since, when the syrup reaches the society's warehouse, it is immediately inspected and graded by officials of the Department of Agriculture.

A school is supported by the Quebec provincial government, which is attended by young men who desire to acquire a better knowledge of the best methods of manufacturing maple syrup and sugar, and a refinery has been established at Plessisville which last year received twenty thousand barrels of maple syrup, each containing thirty gallons, from the two thousand members of this cooperative society. I am glad to say that chemists are at the disposal of the government, who devote their researches to the improvement of the product. A new refining plant has been established at Valley Junction, near my county, and I am glad to say that this government helped in the construction of that plant in 1931 under the unemployment relief scheme. This will be a great benefit to the maple sugar producers in my county and in the municipality of Valley Junction. I should like to thank the Solicitor General (Mr. Dupré) who supported my humble efforts to have the government cooperate with the province of Quebec and the municipality in the construction of this plant.

May I add that since we have been in power we have lost no opportunity to help the maple sugar industry. In December of 1930, for instance, we put into force by proclamation the Maple Sugar Industry Act and

Regulations which, in a letter to myself dated March 4, 1932, the Minister of Agriculture (Mr. Weir) described as follows:

> The Maple Sugar Industry Act and Regulations . . . became effective one year ago. It benefits the industry by prohibiting the adulteration of maple products, by establishing standards of quality, by requiring sanitary conditions in sugar camps and processing plants, and by requiring proper identification of table syrups or sugars which resemble or imitate the pure maple products. The fruit branch, charged with the administration of this act, has conducted some educational work in regard to maple products which, with the administrative work in regard to the act, will undoubtedly stimulate the interest of the producers in the production of quality products and tend to increase the demand for maple syrup and sugar, not only from the housewife but from manufacturers of ice cream, confections, etc.

As I said a moment ago, Mr. Speaker, the inclusion of maple sugar products under the proposed stabilization fund will prove a substantial help to the industry, but on this side of the house we propose to do more to encourage the maple sugar producers in Canada. Last fall, for instance, just after the Imperial conference, Mr. Vaillancourt went to England, where he succeeded in organizing successful exhibitions of maple products in London, Liverpool, Plymouth and Glasgow, Scotland. He even went to France, where he tried to promote the sale of Canadian maple products. I have several times requested this government to cooperate with the provincial government of Quebec in that regard by enacting new tariff regulations which will prove more favourable to the sale of maple products in England and France. I understand that within a few days we hope to conclude a new trade treaty with France, and I would ask the Minister of Trade and Commerce (Mr. Stevens) to take the necessary steps to see that Canadian maple sugar and syrup are allowed free entry to the French market. At the same time I would ask the minister to open negotiations with the British government in order that our maple products may secure a more favourable rate of duty. It is true that Canadian maple sugar and syrup enjoys a preference on the British market at present, but I would ask that the necessary steps be taken to ensure the entry of Canadian maple products to the British market free of duty.

I do not like to detain the house too long, but I had three reasons for bringing up these points. The first was to prove to my constituents in the county of Dorchester, many of whom are engaged in the maple sugar industry, that this government is doing its best to help them. My second purpose was to show that the government was extremely willing to cooperate with the provincial authorities, and in the third place I wanted to prove to the house that the imposition of a tax on refined sugar would be very helpful to the producers of maple products in Canada. These producers are not only in the province of Quebec; there are a great many of them in the province of Ontario and in the maritime provinces as well.

Mr. MICHAEL LUCHKOVICH (Vegreville): Mr. Speaker, I agree with what was said by the brilliant member who just sat down (Mr. Gagnon) with regard to the banking commission, the lowering of the legal rate of interest and the bonusing of wheat, but I hope he will pardon me if I do not follow him in the rest of his remarks, because of the time limit that has been imposed upon me by a rule of this house.

I do not think a single member of this chamber will disagree with the Minister of Finance (Mr. Rhodes), when he says that the world is approaching full realization of the fact that the day of national self-sufficiency is past, that an international disease can be cured only by an international remedy. The remedy for Canada's ills, however, must be sought both internally and externally; indeed I think all the countries in the world must take steps not only to put their own houses in order but to advance the cause of mutual cooperation among all nations before the world can enjoy if not greater prosperity then at least some semblance of the prosperity that existed prior to 1929; but in order to attain this goal the obstacles standing in the way first must be removed.

It has been said that many of our troubles are the result of the great war and that the various countries cannot rehabilitate themselves unless there is a cessation of martial strife and dissension. The desire for peace is general, Mr. Speaker, but, like the weather, everyone is talking about it and no one is doing anything about it. The Prime Minister (Mr. Bennett) soon will depart to Washington to confer with President Roosevelt and the Prime Minister of Great Britain, and so I believe the right hon. gentleman should do everything in his power to bring about those conditions that are essential to peace. At the present time the world is clamouring for peace but there is no peace. It is also awaiting the return of prosperity but there is no prosperity. We cannot have prosperity with-

out the propagation and the realization of peace, neither can we maintain peace without an application of the contributing factors or conditions essential thereto, nor a return of prosperity without the cultivation of the peaceful arts and pursuits incidental thereto that are so obligatory during a period of reconstruction in the midst of which all countries find themselves to-day.

It is said, Mr. Speaker, that a prolonged period of sickness usually is followed by an even more prolonged period of convalescence. We have had a sickness lasting four years, and if that dictum is true it will be another ten years before we are completely out of this depression. In the past four years financial stringency and economic chaos have brought out the reality of the interdependency of nations in much bolder relief than ever and have emphasized the utter impossiblity in this great age of industrial development of any country living unto itself. Even in the United States, where such pet phrases as "self-contained nation," "splendid isolation" and "no foreign entanglements," were so long in vogue, the president has put himself on record in regard to the interrelationship of the constituent parts of the world and the dependence of America's future on the successful solution of universal economic troubles.

As regards Canada and the United States, I am of the opinion that our troubles can be traced directly back to Europe, where the present conditions in this country have for the most part originated. I believe that for immediate causes we must refer to the lack of purchasing power of our customers overseas. There is no doubt that if Europe cannot buy, America cannot sell, Canada's difficulties have been greatly enhanced by the fact that she is largely an exporting country, especially of wheat and other agricultural products. For many decades the European market has absorbed the exportable surplus thereof, but of late years accumulating bankruptcy consequent upon the last great war has left this great market of ours, Europe, so weak and impoverished as to make it quite impossible to maintain anything like that trade which the European market used to call forth in pre-war days. For things have come to a pass, as has been suggested by the Minister of Finance and by the president of the United States, whereby our neighbour's troubles are merged with our own difficulties, and where the latter cannot be solved without simultaneous solution of the former.

The duty of governments, to my way of thinking, must necessarily be twofold—stabilization and improvement of both internal and external relations. Now, domestic conditions must be met with some new form of adaptability, whether monetary or otherwise. National stability is essential, but so is international stability; but in order to maintain the former the nations are adopting at the present time methods which simultaneously destroy the vital mechanism of international exchange. The Minister of Finance has announced with great pride a favourable balance of some $70,000,000 odd; in other words, while imports were being restricted exports nevertheless were expanding, creating the aforementioned balance. If nations are as interdependent as the Minister of Finance pointed out in the introductory remarks of his budget address, I do not see how he can logically advocate interdependence and favourable trade balances at one and the same time; for I do not see how all countries, together and at the same time, can send out greater exports and take in fewer imports. Every debit still requires a credit, and it is a physical impossibility for all countries simultaneously to have a favourable balance of trade or even of payments.

I have referred to Europe as our great customer and have casually mentioned the obstacles that bar the way to trade with said continent. A manifesto issued by two hundred bankers and manufacturers representing all the nations of the world has this to say:

> It is difficult to view without dismay the extent to which tariff barriers, special licences and prohibitions since the war have been allowed to interfere with international trade and to prevent it from flowing in its natural channels.
>
> The break-up of great political units in Europe dealt a heavy blow to international trade. Across large areas, in which the inhabitants had been allowed to exchange their products freely, a number of new frontiers were erected and jealously guarded by customs barriers. Old markets disappeared. Racial animosities were permitted to divide communities whose interests were inseparably connected.
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> To mark and defend these new frontiers in Europe, licences, tariffs and prohibitions were imposed with results which experience shows already to have been unfortunate for all concerned. One state lost its supplies of cheap food, another its supplies of cheap manufacture. Industries suffered for want of coal, factories for want of raw materials. Behind the customs barriers new local industries were started, with no real economic foundation which could be kept alive in the face of competition by raising the barriers higher still. . . . Too many states, in pursuit of false ideals of national interests, have imperilled their own welfare and lost sight of the common interests of the whole world by basing their commercial relations on the economic folly which treats all trading as a form of war.

There can be no recovery in Europe till politicians in all territories, old and new, realize that trade is no war, but a process of exchange, that in time of peace our neighbours are our customers and that their prosperity is a condition of our own wellbeing. If we check their prosperity, their power to purchase our goods is reduced.

It is expected that the Prime Minister of this country will attend the world economic conference some time this spring or next summer, and that he will exert the weight of his influence to help to restore some stability to the situation overseas. As a great exporting nation we need that market very badly; for every restriction and curtailment of our foreign trade must react most disastrously on our primary producers, whose whole existence depends practically on the profitable sale of their products in markets abroad. At the present time there is no profit in farming in Canada. All operations are on the debit side of the ledger. It is thus impossible to continue on such a basis, for unless the trade situation improves and better methods of distributing our products are evolved, agriculture in this country is bound to be ruined; and when an industry like agriculture fails, it is bound to have serious and adverse repercussions and reactions on all other industries in Canada.

It is folly to deny the worldwide nature of the depression and that the crisis in Canada is due to the breakdown of our own foreign markets. It is equally futile to ignore the existence of vast domestic problems that call for immediate solution in Canada and the necessity of setting our own house in order so that we might adjust ourselves more effectively to world conditions. In stressing the influence of world conditions, I hope that we in this country are not seeking an alibi for Canada's lack of policy; for this reference emanates from a realization that trade is not war but a process of exchange. Trade being essentially barter, debts can be paid in the long run only in goods, and we cannot continue to sell abroad without buying from abroad. In spite of the fact that science has accomplished wonders in making the world a harmonious whole, extreme nationalism the world over has managed to divide it, as it were, into many parts and to keep it from forming any close alliance which would react beneficially not only to each component part but to the collective whole as well.

There is no doubt that the problem arising out of the wheat situation has been made harder to solve by the futile attempt at self-sufficiency being made by such nations as Germany and Italy. These countries have attempted an artificial stimulation of industries for which they are not fitted. Wheat growing is not a natural industry for a country like Germany. Her soil is not adapted to it, yet every effort is being made to encourage production through the bonusing of German farmers and the raising of high tariff barriers against other countries. In this act of intense economic nationalism Germany has been actuated by a desire to make herself independent of other nations in case of war which seems to be looming everywhere upon the horizon in Europe. I think the experiment has proven to be too costly. It is far more economical to import wheat from countries where it can be produced more cheaply and exchanged for the cheaper manufactures of other countries. It may be an exaggeration of the case, but what would we think of Canada trying to produce under hothouse conditions an independent crop of bananas or oranges when these products can be brought in from other countries where their cultivation is indigenous to the locality and where the cost of production and the ultimate sale price make it more desirable as an export than as a domestic product? Wheat raising has always been indigenous to this country. With her favourable climate, with her progressive people and with her fertile soil, there is no place in the world where a better grain product can be produced than in Canada. Wheat is now our great staple export product. In 1929, the peak year of prosperity, nearly forty per cent of our total exports valued at more than half a billion dollars were grain products. It was through the grain trade that Canada reached her peak of prosperity and it is through the same trade that Canada will regain her prosperity. This is the problem which Canada's representatives at the forthcoming world economic conference must undertake to solve successfully. The present economic condition of Canada, especially in the west, is so precarious that further delay will be serious.

I agree with the hon. member for Souris (Mr. Willis) when he includes the tariff as one of the disturbing factors in trade recovery and I agree especially with his reference to the multilateral agreements which are essential to tariff revision. One country cannot do it alone by means of a unilateral agreement but all countries acting in unison and cooperation can do a great deal in this regard. Therefore, let us hope that the economic conference will be the means of bringing about these changes without any further delay

Canada with her meagre force under arms and her four thousand miles of undefended boundary should be an example to the rest of the world, especially to Europe, now torn by stress and bitter racial animosity, of the benefits of disarmament, of the virtues of peace as the essential conditions of prosperity. When one realizes that during the last war 65,000,000 men were mobilized and out of 37,000,000 casualties, 9,000,000 died, that the cost of the war is now rapidly approaching $100,000,000,000, these figures will give some idea of the devastating effects of warfare upon the morale and economic conditions of a country. The manhood which has been destroyed cannot readily be replaced and its disappearance has left a void which has had a terrible reaction upon the spiritual and economic wellbeing of the world. There cannot be prosperity without peace, and peace is unlikely without disarmament. Therefore, I feel that the forthcoming visit of our Prime Minister to other lands should have something to do with this all-important subject. I am reminded of an allegorical story which I read recently in a magazine. Some worms and caterpillars in a chicken yard decided to have a conference with the chickens, and for this purpose they appointed a committee. This committee was well equipped with logic and with oratory but it did not know how to speak the chicken language, so they were forthwith gobbled up. Chicken yards are bad places for worms. There is no question that a heavily armed nation will use its instruments of war to defeat an unprotected nation, and to reduce it to subservient slavery and national oblivion. The only alternative is peace through disarmament.

The stagnating influence of war debts is too obvious to require any extended explanation at the present time. There are many reasons for drastic reductions, the most important of which is the fact that war debts are a great impediment to the recovery of prosperity. So many anomalous situations have arisen since the war that it has become impossible to pay, no matter what the good faith of the nations may be. There are three ways in which payment can be made: first, by goods and services; second, by the proceeds of a loan, and, third, by the movement of gold. Owing to the terrific fall in the wholesale price level, it has become necessary to pay in increasingly larger quantities of goods and services; the precariousness of the economic situation has made it harder both to secure and to pay a loan, and the disequilibrium of gold and its concentration in few hands has made it impossible to pay balances in that standard. War debts are a dead asset; they are not a productive asset as railways and the sooner they are wiped out the better it will be for the world generally. I should like to quote a little passage by Walter Lippman as follows:

> There will be no economic stability until there is peace, and the world war is not over while the question of reparations and war debts is still alive. If the world can make peace and settle war debts and reparations, there will be such a return of confidence that prices will rise permanently.

The real point is that the countries still on the gold standard, the United States and France, have forced other countries to deflate and this deflation has forced down prices. If such emergencies were managed more scientifically by a controlled currency there would be no need for the sad state of affairs which we have in the world to-day. It is essentially a monetary and credit crisis, the fundamental cause of which can be given in the words of a New England weekly—a systematic creation and increasing disparity between physical means of production and financial means of consumption. We know how to produce and can produce in apparently limitless quantities, but where we fall down is in distribution. Our system is operated for profit, and when that element or motive fails, the whole structure topples over like a house of cards. Can one imagine thousands of cattle being burned, shiploads of coffee and oranges being dumped into the sea and other products deliberately destroyed because of the lack of profitable markets and efficient methods of distributing our superabundance of goods to a starving consuming public? But that is exactly what is happening in profit-making capitalistic civilization to-day where human values are sacrificed for individual gain and the ideal of service is superseded by the pursuit of economic reward.

If the government persists in laying the blame for this depression on the international situation and in seeking an international remedy to cure an international disease, then they should at least make some move in this direction. The Prime Minister of course might ask for a complete revision of the Versailles treaty, the remaking of the map of Europe, not in accordance with the vindictive spirit of the makers of this treaty, but on the basis of justice and ethnic principles, such as race, religion and language of the inhabitants involved. The gnawing bitterness, the smouldering fires and antagonisms that

prevail so persistently throughout that greatest of our markets are mostly due to the forcible suppression of the various nationalities. This, I think, is the key to the situation. We should do everything possible to create ethnographical boundaries and to allow the self-determination of the nations in that greatest market of ours in keeping with their innate traditions and aspirations. The Prime Minister will realize how extremely galling it is for these people to live in continual physical and spiritual subjugation and forced negation of the very qualities which are considered a virtue in those who rule but a sin in those who unfortunately come under domination. My observation has been that these people somehow will not stay down, and as history has given us countless examples of the folly of forcible suppression, I think nothing but a guaranty of autonomy and liberty of cultural development will free Europe from its potential menaces to peace and well-being.

At the present time all those races are more interested in political than economic liberation. They all wish to be treated as equals and not as inferiors, but once the former object is attained, they will then be unhampered in their cooperation in the latter. As matters stand, economic liberation is subordinated to political liberation, for the races seem determined to free themselves politically even if their efforts meet with untold misery, suffering and spiritual degradation. All these realities must be taken into consideration before the status of Europe is finally decided. The united states of Europe is a most desirable object for the economic salvation of that continent, but it can be attained only when all those races enter such a union voluntarily and are accepted as equals.

The era through which humanity has just passed might be called the age of frenzied finance. The next stage therefore will logically be one of stabilization and social control. I think the laissez-faire, rampant individualism of the past must give way to greater socialization under government supervision. The decay of vigorous predatory imperialism brought about by the awakening of the economic energies of undeveloped countries and the reduction of international trade to the interchange of products required by the mere difference in resources, climate or racial habits, the disintegration of our political situation and a host of minor problems have forced a reorientation of thought and a revaluation of ideas arising out of the realities of present day conditions.

Once again, the science of economics, being dynamic, has become subject to change. As in many other matters, so in this case nothing is ever learned definitely and completely and so the methods of the past century cannot be applied to twentieth century conditions. The present budget does not offer any solution for our difficulties beyond retrenchment, drastic economies, increased taxation, sanctity of contractual obligations and a policy of let well enough alone. But even in the case of drastic economy and taxation, the burden and incidence thereof might have been placed equally on those higher up rather than on those least able to pay. In times like these and under the present system new taxation cannot be avoided, but there should be more equality in the sacrifice. No one will quarrel with the desire for equal sacrifice, but as drastic economies and retrenchment will not solve the problem of unemployment and farm relief, one must look to more fundamental remedies for a solution.

The minister mentioned relaxation of exchange and other excessive restrictions on international trade, stabilization of currencies and stimulation of a rise in wholesale prices as fit topics for discussion at the next economic conference. He might also have added the inadequacy of gold as a metal standard as regards both quantity and efficacy, and the general problem of financial credit as the pivot of the whole economic structure. Economists are in agreement that the problem of the price level is the most important single one of our age and that low prices are due to deflation of credit. Mr. Cassel has pointed out that progressive deflation is grinding our national economy to pieces and that unless something is done to stop the process, it will mean the ultimate ruination of our country. There must be some antidote to the destructive policy of deflation, and if inflation will supply this function, as I think controlled inflation should, then I see no valid reason why it should not be employed.

Mere policies of retrenchment and aimless, hopeless groping in the dark will get us nowhere; unless governments try to do something to pierce through the economic fog in which we are at present enveloped and bring to light some constructive policy, ultimate collapse cannot be avoided. It may be good tactics to raise the bogy of contractual obligations and the sanctity of the bond, but why the bondholders should be placed in a different category from that in which others are situated is, in my opinion, very hard to justify. The Minister of Finance has spoken of equality

of sacrifice; why should other classes be more amenable than are the bondholders? In a period of progressive deflation I do not see why the prosperity of the average man should be subordinated to the greed and avarice of a few moneylenders. As far as the average man is concerned, deflation has knocked the bottom out of every vestige of prosperity he ever enjoyed, and it has destroyed the equity in whatever property he may at any time have owned. It has put about 1,500,000 Canadians on relief. As a recent writer put it, to-day the average man thinks not of prosperity but of a job, not of profits but of wages. But a search for one or the other is like hunting for the needle in the proverbial haystack. Hon. members may perorate as much as they like about the virtues of individualism. But, Mr. Speaker, what is there left of opportunity to the average man? I think that even such men as Lord Strathcona and Mr. Booth, those individual giants of the past, would not get very far with their individualism and their initiative at the present time.

An hon. member has asked what the duty of a government is. Adam Smith said the duty of any government is to increase the wealth of its people. In the absence of opportunities for employment the state is faced with the necessity of assuming the responsibility for the subsistence of its citizens. With the right to such subsistence must also go the imposition of the duty to work. This, of course, will require social and economic planning on a very much larger scale. How it can be done without the inflation of our currency and without simultaneously launching a constructive public works program is very hard to understand. Up to the present time the government has managed to avert responsibility of control of industry—I speak not of one government but of governments throughout the world. However, the inevitable trend of the times lies most certainly in the direction of government control. Mr. G. D. H. Cole had this to say:

> Parliaments, if they are to survive as sovereign, have to find ways of bringing the economic life of the nations under their effective control; for this economic life is crying out for organization, for national and economic planning. And if parliaments resign this task into other hands they will, under modern conditions, be throwing away the substance of authority, and keeping only the shadow.

Much has been said in this house and out of it about the glories of individual initiative and private industry. If private industry is as has been pictured, why is it that all the wrecks and derelicts thereof must be taken care of not only by this government but by all governments? Why is it that even able-bodied men and women cannot secure work in private industries? Hon members in both major parties do not want inflation, but certainly with the continuation of deflation, higher taxation, higher interest rates and other charges, diminishing purchasing power and increasing unemployment, I do not see how it can be avoided.

[Mr. Luchkovich.]

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVILEGE—Mr. MacLAREN

Hon. Mr. MURRAY MacLAREN (Minister of Pensions and National Health): Mr. Speaker, I rise to a question of privilege. I have read in this evening's Ottawa Journal a short article purporting to give the report of a meeting of several members of the government with representatives of the Associated Veterans. I wish to state that it is quite inaccurate. We did have a meeting this morning to talk over the proposed new pensions bill, which is under consideration, but no mention whatever was made of any reduction in the pensions now being paid.

PRIVATE BILLS

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

The house resumed from Friday, April 7, consideration in committee of Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray—Mr. Plunkett in the chair.

Section 1 agreed to.

On section 2—Declaratory.

Mr. HANSON (York-Sunbury): What is the purpose of having this work declared to be for the general advantage of Canada?

Mr. BENNETT: Because it is international work.

Section agreed to.

Sections 3, 4 and 5 agreed to.

On section 6, subsection 1—Capital stock.

Mr. HANSON (York-Sunbury): I should like to ask the promoter of the bill if he thinks $25,000 is a sufficiently large paid up capital upon which to commence operations. It seems to me to be ridiculously low.

Mr. GRAY: The hon. member will note that that sum is merely a deposit left as security with the government. The hon. member is reading subsection 2, which refers to the deposit guaranteeing that the work will be proceeded with. It has nothing to do with the capital stock mentioned in subsection 1.

Sir GEORGE PERLEY: Is there any provision in the bill stating how much shall be paid up before the work is commenced?

Mr. GRAY: The hon. member for Argenteuil will note that under section 21 of the bill the Dominion Companies Act shall apply, so far as it is not inconsistent with the special provisions of this bill. Therefore my opinion is that with respect to the commencement of business and the amount required to be paid up before the commencement of business the Dominion Companies Act shall apply.

Mr. HANSON (York-Sunbury): There is nothing in the Companies Act which requires any amount to be paid up, with the exception of the corporation shares.

Mr. GRAY: There used to be a provision for ten per cent. As I understand it, that provision was eliminated in 1930. At the present time there is a provision that a certain amount—I realize it is not very large—must be paid. I do not see why we should go beyond the provisions of that act when we are considering the amount to be paid up under this bill.

Mr. NICHOLSON: Have all the subsections with the exception of numbers 1 and 2 been struck out of the original bill?

Mr. GRAY: The whole bill has been reprinted. If the hon. member has a reprinted bill he will find the proposed changes underlined, and in italics on the page opposite he will see the sections as they appeared in the original bill.

Section 6, subsection 1, agreed to.

On section 6, subsection 2—Deposit before commencing operations, etc.

Sir GEORGE PERLEY: If this company is granted a charter, I know nothing in the Companies Act which will force them to put up any substantial sum before beginning operations. When a company has power to issue bonds to the value of $5,000,000, it certainly should put up a substantial sum before actually beginning work. A large enterprise such as this should have substantial backing. I do not know who the incorporators are, or whether they are men of large means able to carry on an undertaking of this magnitude, but I suggest there should be a provision for a large amount to be paid up before the company begins business.

Mr. GRAY: Is the right hon. gentleman discussing subsection 1 of section 6, or subsection 2.

Sir GEORGE PERLEY: Subsection 2.

Mr. GRAY: Subsection 2 provides only for a deposit being put up in good faith by the company. It merely provides that the company shall not commence its operations or incur any liability before a sum of at least $25,000 has been paid into the treasury of the Dominion of Canada, which sum shall not be withdrawn until at least twenty-five per cent of the proposed subway or tunnel together with its approaches, buildings, and all other assets used in connection therewith is constructed, and such sum shall be forfeited if the project is not proceeded with. In my opinion subsection 2 is merely a guarantee that when commenced, the work will be proceeded with, and if not the moneys will be forfeited to the crown. I submit subsection 2 has nothing whatever to do with subsection 1, which deals with the capital stock of the company. With respect to the amount to be paid up under subsection 1, I again submit that we are under the Dominion Companies Act, which has withstood the experience of time.

Sir GEORGE PERLEY: I am sorry I have not the Companies Act before me, but if the hon. member has I wish he would read the provision contained therein in regard to paying up capital stock before the commencement of work.

Mr. GRAY: As a matter of fact I have only the revised statutes of Canada, 1927. Subsection 8 of section 9 of the Companies Act states:

> In no case shall the amount of capital with which a company shall carry on business be less than the sum of $500.

Mr. HANSON (York-Sunbury): That is the only limitation suggested?

Mr. GRAY: Yes, as it exists now. The ten per cent provision is now out, and as I understand it under the Dominion Companies Act there is only now the $500 limitation.

Sir GEORGE PERLEY: The hon. gentleman says this is the course usually followed in private bills relating to private companies, but I submit for his consideration that although this is a private bill it is far from being a private company. This is going to be a public corporation, an international enterprise, for the building of an expensive tunnel. I know that some very unfortunate things have happened in connection with a bridge further down the river, built not long ago, in connection with which bonds were sold which now have comparatively little value because I suppose there was not sufficient money put up for stock ahead of the bonds to give them some value outside of the actual tunnel itself.

Mr. GRAY: I agree with what the hon. gentleman says. To meet that very difficulty, at the suggestion of the Justice department we have incorporated in this bill subsection A of section 7, and I submit that it will meet with the approval of the hon. gentleman and meet the objection he has now raised. It is a new clause:

7a. No securities whether shares of stock, bonds, debentures or other securities shall be issued by the company unless and until the governor in council has been satisfied that the company has, in respect of such securities, complied with "The Securities Act" of the province of Ontario.

That is what is popularly known in Ontario as the Security Frauds Prevention Act. I hope and trust that will meet the hon. gentleman's objection.

Section agreed to.

On section 7—Bonding powers.

The CHAIRMAN (Mr. Plunkett): There is a slight change in this section, therefore I will read the whole section:

7. The company may issue bonds, debentures or other securities to an amount not exceeding five million dollars in aid of the construction of the said subway or tunnel authorized by this act; and such bonds, debentures or other securities shall be secured by deed of mortgage; and such deed of mortgage shall contain provisions that all tolls and revenues derived from the use of said subway or tunnel by other corporations or persons shall be specially charged and pledged as security for the payment of interest on such security.

Section agreed to.

On section 7, subsection A—Issue of securities.

Mr. HANSON (York-Sunbury): Would the promoter be good enough to tell the committee just what are the safeguards for the public under the Securities Act of Ontario?

[Mr. Gray.]

Mr. GRAY: I wish to take issue with my hon. friend as to my being the promoter.

Mr. HANSON (York-Sunbury): I apologize —the sponsor.

Mr. GRAY: Thank you. As I understand the act it has to do with the registration of any broker or issuer of stock before stocks or bonds or debentures can be issued. The provisions of the act require registration and licensing to sell, and in its very nature the suggestion of licensing must mean protection as far as possible to the public. In order that we may ensure compliance with that provision, this subsection is inserted.

Subsection agreed to.

Sections 8, 9 and 10 agreed to.

Ou section 11—Powers.

The CHAIRMAN (Mr. Plunkett): There is a slight change in this section:

11. The company may,—
(a) lay out, construct, complete, maintain, work, manage and use the said subway or tunnel under the St. Clair river, for vehicular, pedestrian, railway and other purposes, with the necessary approaches from convenient points on the Canadian side of the international boundary between the United States of America and the Dominion of Canada in or near the city of Sarnia, the township of Sarnia and the township of Moore, to points in or near the city of Port Huron, and the city of Marysville, in the state of Michigan, one of the United States of America.

The former paragraphs lettered (f) and (h) are deleted, therefore paragraph (g) becomes (f); (i) becomes (g); (j) becomes (h); and paragraph (k) becomes (i).

Section agreed to.

Sections 12 and 13 agreed to.

On section 14—Expropriation.

Mr. HANSON (York-Sunbury): Very large powers are being given to a private company under this bill. It occurs to me that they are rather unsusual powers to be given to a company of this kind. While the provisions of the Railway Act are made to apply, I should think that that is not all the safeguard that should be made applicable in such a bill as this. Giving to a private company which is promoted for private gain the power to take the property of others against their will is something which should be done very sparingly by any legislature. I can remember a long series of battles over this very same sort of thing. While it is necessary in railway development or in works of great public utility to give this power, there is strong objection to giving it to such a company as this, which is

not in the same category as a railway or other public utility. I for one object to the powers of expropriation that are given under this bill.

Section agreed to.

Sections 15 to 18 inclusive agreed to.

On section 19—Municipalities may purchase tunnel.

Mr. MORAND: No doubt the intention of this section is that the municpalities may have the opportunity, at some time in the future, to purchase this tunnel, but I would suggest that in the third line the word "value" be replaced with the word "cost." The value might be ascertained with the company considered a going concern, having no regard to the cost of the undertaking.

Mr. GRAY: I have no objection to that change.

Mr. BENNETT: This is a very serious section, Mr. Chairman, and in the form in which it now stands I think the committee should hesitate to pass it. Whatever else should be done at least we should exercise what jurisdiction we have within our powers, ostensibly at any rate. I do not think we have any power to say the board of arbitration shall have power to fix the cost or the value if one of the members of the board is without the jurisdiction of this country.

Mr. GRAY: Is that the suggestion?

Mr. BENNETT: Yes. The section declares:

> The board shall consist of three members, one to be appointed by the city of Sarnia or the municipality within the Dominion of Canada in which the portion of the said subway or tunnel in Canada may be constructed, one by the city of Port Huron or the municipality within the United States of America in which the portion of the said subway or tunnel in the United States of America may be constructed and the third by the company.

In this section the tunnel is dealt with as an entity, both ends being united as one, whereas in the previous sections the statute makes it clear beyond doubt that we do not endeavour to exercise jurisdiction beyond the centre of the stream. I am bound to say that I do not think the section as it now stands is one we have power to pass.

Mr. GRAY: I understand the point raised by the right hon. gentleman. I am not particularly enamoured of the section in any shape or form. As the hon. member for East Essex suggests, apparently the intention of the section was to have some recapture clause in the bill.

Mr. BENNETT: And there should be one.

Mr. GRAY: As the right hon. gentleman points out, there should be one. I would be quite content to have the section wiped out if it were not for the suggestion of the Prime Minister that some recapture clause should be placed in the bill. If the right hon. gentleman retains that point of view I suppose there is no alternative but to have the section stand, otherwise I am quite prepared to agree to the deletion of the section.

Mr. BENNETT: During the last two months my attention has been directed to the somewhat similar provisions of the statute concerning the bridge lower down, and if my attention had not been directed to that perhaps I would not have read this bill so closely. It does seem to me that it is perhaps desirable that there should be some form of what has been familiarly called—though it is not technically correct—a recapture clause in a bill such as this. I think the hon. member for East Essex has put his finger upon the real difficulty, the question of fixing the actual cost of the undertaking early in its period of operation. We are familiar with proceedings that have taken place in connection with matters of this kind in which the value bears no relation whatever to the cost, the value being determined largely by the earnings and the percentage of the return upon the investment. When I heard the hon. gentleman from East Essex make his observations with regard to value I thought that was very important, but I think the hon. member will agree that the section must be recast. As it stands now it undertakes to do something which I fear we have not the power to do, and I suggest that it might be better to have a section stating that the cost of the undertaking must be made clear to the satisfaction of the governor in council, and that should be lodged with the Department of State, and then the provisions as to recapture might be dealt with.

Mr. GRAY: Then I would suggest that the section stand.

Section stands.

On section 20—R.S., c. 170, to apply to the company.

Mr. BENNETT: I direct the attention of the committee to the fact that both these sections are striking illustrations of the doctrine to which the hon. member for West Lambton referred the other evening.

Section agreed to.

On section 21—R.S., c. 27, to apply.

Mr. NICHOLSON: When this section was before the railway committee it was agreed by the promoters that it should be changed in order to bring this company within the Companies Act when it was not inconsistent with the Railway Act, instead of taking out this act from under the Companies Act when that general act was inconsistent with this act. I think the sponsor of the bill will agree to that statement.

Mr. GRAY: If the hon. member will look at the reprinted bill he will find that this has been done. Section 21 now reads as the hon. member suggested it should read.

Mr. NICHOLSON: I have the reprinted bill, which states clearly that the Companies Act shall apply, so far as it is not inconsistent with the special provisions of this act. If I understand that, it simply means that this act overrides the Companies Act, instead of the Companies Act prevailing where there is any inconsistency. There can be no question as to that.

Mr. GRAY: Perhaps the right hon. Prime Minister would express an opinion.

Mr. BENNETT: This is my hon. friend's bill.

Section agreed to.

On section 22—Labour and materials.

Mr. BENNETT: I think my hon. friend may find a little difficulty here. The section reads:

> So far as it may be practicable to do so, Canadian labour and materials must be used in the construction of the said subway or tunnel. . . .

He may find a little difficulty in connection with that provision in the state of Michigan.

Mr. GRAY: This section has been included in all international bridge and tunnel bills since 1929 or 1930. It may be, as the Prime Minister says, that it is more a pious hope and prayer than something that will be of practical benefit. The intention is that, in so far as we do not overlap the international boundary, so far as the approaches to the subway or tunnel are concerned, we shall use Canadian labour and material in the work that is done. If our American friends do not like the section, then I suppose they will object to it; but in the meantime I am rather surprised that the right hon. gentleman should object that as far as possible we are protecting Canadian labour and material.

[Mr. Bennett.]

Mr. BENNETT: How unfair the hon. gentleman is. The remark is rather cheap. I directed his attention to the fact that the bill as it now stands undertakes to legislate The Fair Wages and Eight Hour Day Act, 1930, to apply to the United States, which it cannot do. The section reads:

> The employment of labour in the construction, maintenance and supervision of the said subway or tunnel shall be subject to the terms and conditions of The Fair Wages and Eight Hour Day Act, 1930.

Just as the congress of the United States would not undertake to legislate with respect to the Dominion of Canada, so we should not undertake to legislate with respect to the United States; and because I direct attention to that fact the hon. gentleman, with a cheap sneer, says he is surprised that I should object to Canadian labour and material being used. That is unworthy of him; let me say that to him at once.

Mr. GRAY: I apologize if—

Mr. BENNETT: I have given every possible assistance in connection with this legislation, and I was merely pointing out that it is not desirable that this dominion should leave the impression abroad that it is endeavouring to legislate in a country over which it has no legislative jurisdiction.

Mr. GRAY: I had no intention of arousing—

Mr. BENNETT: The hon. gentleman is not arousing anything.

Mr. GRAY: —any suspicion of a sneer. I was not sneering. As the right hon. gentleman says, he has given every assistance and afforded every opportunity to have the bill presented and passed. This section was discussed at great length in the committee, and the committee thought that as far as practicable it should be insisted upon that Canadian labour and material be used in the construction of every international bridge or tunnel. There is an international half of the construction over which we have control and an international half which is under the control of congress. We are providing against the fact that there may be overlapping by declaring that as far as practicable we shall use Canadian labour and material in our section, and apply to the work carried on in that section The Fair Wages and Eight Hour Day Act, 1930. Surely that has only to do with the Canadian section of the tunnel. I hope the Prime Minister will not find fault with the section. The committee gave it considerable

thought and at the suggestion of the hon. member for London (Mr. White) and one of the members for Vancouver it was insisted that it should be made compulsory that Canadian labour and material be used.

Mr. BENNETT: If the hon. gentleman will look at the section he will see that the practicability is the test with respect to the use of Canadian labour and material, and properly so. But in a statute of the dominion we are providing that:

> The employment of labour in the construction, maintenance and supervision of the said subway or tunnel shall be subject to the terms and conditions of The Fair Wages and Eight Hour Day Act, 1930.

They shall be subject—shall be—to the terms of a Canadian statute, and I only desire, being responsible for the bill in the narrow sense of the government's responsibility for the legislation of this house, that it should not be said that we had passed a statute in which we undertook to provide that a Canadian act, an act of this parliament, should govern the construction of this work. If the hon. gentleman would add words indicating that the provision had reference to the Canadian section of the tunnel, I could understand it. That was what I was pointing out.

Mr. GRAY: I should not think that in this act we were legislating with reference to anything but the Canadian section.

Mr. GORDON: It says differently, in terms. The forepart of the section distinctly comprehends the whole operation.

Mr. GRAY: But we could not legislate, and the minister knows we could not possibly legislate, with respect to anything except the Canadian section.

Mr. GORDON: Why try to do so, then?

Mr. GRAY: We are not doing so, I submit. However, if it is desired for clarity's sake to insert, "in so far as the Canadian section is concerned," or words to that effect, I see no objection to doing so.

Mr. GORDON: We are all trying to assist the hon. member, and if the bill is desirable, as I assume it is, it seems to me that he would meet with an insuperable barrier when he approached the government of the United States, where there must be a companion bill, if they found in our legislation that the whole subway and tunnel must be built subject to our Canadian laws in relation to the matter set out in the section. It is with the desire to assist the hon. member that the observations have been made. As the section reads, it implies that our law is to apply to the whole building of the tunnel. Obviously therefore, unless the hon. member has some idea of what congress may do, this section will be an insuperable barrier to his operations later on, unless it is altered.

Mr. GRAY: I suggest, then, Mr. Chairman, that after the word tunnel there be added the words "in so far as the Canadian section is concerned."

Mr. HANSON (York-Sunbury): Has the hon. member received any opinion from the Department of Justice or from any other source as to the constitutionality of the whole section?

Mr. GRAY: I can only say that I have looked at similar bills passed in which there was a provision such as this—bills passed on two or three occasions.

Mr. HANSON (York-Sunbury): I don't dispute that.

Mr. GRAY: I know that does not make it right, but I can assure the hon. member that the whole bill was submitted to the Department of Justice, though possibly they had not time to look into it very carefully. However, in view of the fact that section 19 has been allowed to stand, I am quite prepared to allow section 22 also to stand for recasting.

Mr. BENNETT: I suggest that the hon. member would meet the difficulty if after the word "supervision" he added the words "of the Canadian section," so that the section would read: "The employment of labour in the construction, maintenance and supervision of the Canadian section of the said subway or tunnel shall be subject."

Mr. GRAY: I agree to that.

Mr. GEARY: Has the hon. member considered how he is to make The Fair Wages and Eight Hour Day Act, 1930, apply? The language of that act is directed simply to government contracts, and unless he has precedents for its application to private contracts I doubt whether this section can be made effective. Has he considered that point?

Mr. GRAY: I presume the intention is to make that act applicable to this legislation. The language contemplates that.

Mr. HANSON (York-Sunbury): Has the hon. member given consideration to the practical effect of the words, "so far as it may be practicable to so do"?

Mr. GRAY: I think it was the hon. member for North Winnipeg who stated that a section similar to this one was passed some years ago and has been working out quite satisfactorily as far as as labour is concerned.

Mr. HANSON (York-Sunbury): I have often heard that member denied the right to speak for organized labour. He is not here to speak for himself, but if he said that it would not impress me at all.

Mr. BENNETT: I think the words "Canadian section of the" should be added after the word "the" and before the word "said" in the fourth line from the bottom of this section. If this were done the matter would be made clear in both cases.

Mr. GORDON: I do not want to hold up the passage of this legislation, but the hon. member for South Toronto (Mr. Geary) has just called my attention to the provisions of The Fair Wages and Eight Hour Day Act, 1930. In order that the progress of the work should not be rendered difficult by the wording of this section of the bill and in order that the operative provisions of The Fair Wages and Eight Hour Day Act, 1930, may apply, I submit that this section should stand for revision. The act to which I have referred applies only to government contracts and I think some explanatory note should be given in the bill to the effect that in fixing wages and hours of labour, this particular work shall be deemed to stand in the same position as a contract under the provisions of The Fair Wages and Eight Hour Day Act. Such an addition would dispel any difficulty which might lie in connection with the application of the statute.

Mr. GRAY: Section 19 is standing and I have no objection to this one standing also.

Mr. MITCHELL: By the time the construction of this tunnel is started there may be an entirely different fair wages act in effect, and I should like to have a clause inserted which will stipulate that the fair wages act in effect when the work is started shall apply.

Section stands.

Progress reported.

VANCOUVER, VICTORIA AND EASTERN-NORTHERN PACIFIC AGREEMENT

The house resumed from Friday, April 7, consideration in committee of Bill No. 48, to confirm an agreement between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company—Mr. McDade.—Mr. Plunkett in the chair.

Progress reported.

[Mr. R. B. Hanson.]

BOARD OF TRADE OF THE CITY OF TORONTO—CONCURRENCE IN SENATE AMENDMENT

Mr. G. R. GEARY (South Toronto) moved the second reading of and concurrence in the amendment made by the Senate to Bill No. 29, to amend and consolidate the several acts relating to the Board of Trade of the City of Toronto.

Motion agreed to; amendment read the second time and concurred in.

HOSPITAL SWEEPSTAKES

The house resumed from Friday, April 7, consideration of the motion of Mr. Power for the second reading of Bill No. 67, with respect to hospital sweepstakes.

Mr. A. M. CARMICHAEL (Kindersley): Mr. Speaker, when the hour for private bills expired on Friday last I had just completed a reference to the prevalence of speculation and gambling in the stock markets and had started to refer to the gambling carried on in our grain exchanges. I do not think I am exaggerating when I say that the speculation and gambling carried on in this and other countries during recent years have played a very large part in bringing about the depression now existing. I have given extracts from the evidence adduced in England before a commission dealing with a proposed sweepstake measure. I gave extracts from the evidence given by the representatives of the Church of Scotland and the Christian Social Council of England. I have had submitted to me the opinion of the United Church of Canada, and I should like to refer to a letter written by the Reverend D. N. McLachlan, the secretary of the Board of Evangelism and Social Service of the United Church of Canada. Mr. McLachlan points out, first, that the sweepstakes proposal is economically unsound and, second, that the principle is morally unsound. He continues:

> The better elements of Canadian citizens view with regret and misgiving this backward step proposed by the Senate and are depending on the members of parliament to defend the honour of Canada by defeating the bill to legalize sweepstakes in this dominion.

I should like to quote from a resolution passed by the Kindersley presbytery of the United Church of Canada, as follows:

> In the move to change the Criminal Code to permit the conducting of sweepstakes for the support of hospitals; this presbytery believing that the result would be a widespread development of the gambling spirit, which would more than offset any advantages which might be derived therefrom, strongly protests against any such action.

That resolution is signed by H. Craner, secretary, Coleville, Saskatchewan.

Every afternoon before the commencement of business in this house Your Honour reads a form of prayer, one day in English and the next in French. In the third clause of that prayer you, sir, invoke the Deity that He "be pleased to direct and prosper all their consultations," referring to the House of Commons:

> That all things may be so ordered and settled by their endeavours, upon the best and surest foundations, that peace and happiness, truth and justice, religion and piety, may be established among us for all generations.

That is a very worthy sentiment, but the proposal of this sweepstakes bill is diametrically opposed to the sentiment expressed in that feeling prayer of yours as uttered every day in this chamber.

The sponsor of this bill asked: Why not let people gamble?—they have the gambling spirit anyway. He tried to impress upon us—and he did not make a very good job of it, I will admit—that everybody is addicted to the gambling fever, so why not give him a chance to gamble? I challenge that statement; I claim it is not correct. Every person is not addicted to gambling and gambling is not a natural instinct. It would be just as sensible to say in this chamber that opium smoking on the part of a Chinaman was a natural habit and we might as well let him smoke his opium. So far as giving peace and exhilarating joy and transporting the individual into the realms of ecstasy and feelings of inward satisfaction are concerned, I am told nothing surpasses the smoking of the opium pipe. If such be the case, why deprive the poor Chinaman of that wonderful peace and satisfaction of mind which he has as a result of smoking opium?

The sponsor of this bill says that because some people get a little satisfaction out of gambling, we should throw the door wide open and let them gamble; they are raised to such heights of joy; they are given such wonderful feelings of ecstasy, it would be too bad to deprive them of that. But we do not assume that attitude towards the Chinaman who takes his long pipe and endeavours to smoke opium. We have legislation that applies to such a person and we take good care that he is restricted in his operations with the opium pipe. So, believing as I do that this bill is a retrograde step in our legislative enactments, I beg to move, seconded by the hon. member for Red Deer (Mr. Speakman), the following amendment:

> That the word "now" be left out and the words "this day six months" added at the end of the question.

Mr. G. D. STANLEY (East Calgary): Mr. Speaker, may I offer a few observations in regard to this bill? In the first place the proposal embodied in it is purely and simply gambling. It undertakes to legalize what, under our criminal code, is recognized as illegal. In other words, if I understand the matter correctly, the object of the bill is to give respectability to what is generally understood as an illegal undertaking in Canada, something that is made illegal under our criminal code. Gambling of all kinds is objectionable and this form of it is not any exception to the rule. It is well understood that during the last several years, particularly in 1928 and 1929, gambling was the great evil of this country and the source of most of the troubles from which we are now suffering. Particularly is this so in regard to many of our young people, and yet we are undertaking under this bill to make respectable that which we know introduced many of the troubles from which we are now suffering.

Another feature of the bill is that it throws around the evil of gambling a certain mantle of virtue by introducing some benefit or presumed benefit on behalf of the hospitals. I am ready to admit that it is possible hospitals may be immediately benefited, financially speaking, but I am also firmly convinced that ultimately they will suffer financially as well as otherwise. At present in all parts of our country hospitals are benefited by the donations of the people and also very largely by contributions from estates. Even to-day where the formerly established practices in the administration of hospitals have been interfered with in one way or another by the state, there has been a decided tendency on the part of many people of means not to make in their wills provision for extending donations to hospitals. If gambling, presumably to assist hospitals, becomes law, I am certain this will in the long run be detrimental, financially speaking, to the hospitals. Certainly it will drive away from them a great deal of sympathetic support which they now receive and which they require.

THE BUDGET

CONTINUATION OF DEBATE ON THE ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. E. N. Rhodes (Minister of

Finance) that Mr. Speaker do now leave the chair for the house to go into committee of ways and means, and the amendment thereto of Mr. Ralston and the amendment to the amendment of Mr. Lucas.

Mr. W. A. BEYNON (Moose Jaw): Mr. Speaker, Canada's economic life has been the theme of a great many speeches delivered by hon. members sitting to your left. A number of those speakers have dealt only with the situation as we find it in Canada, and have made no reference to world conditions. Others have dealt fully and freely with the fact that the present condition exists throughout the world as well as in our own country. Those who have confined themselves to Canada have done so, apparently, because they wish to fix upon the government of the day the responsibility for that condition. They have sought to show that the policies adopted by this government are responsible for that condition. Those who have taken a wider view, and have considered the matter from a worldwide standpoint, have sought to lay the responsibility for present conditions upon the currency and credit system of the world, and finally to blame the government for not having remodelled the Canadian credit and currency system.

That represents fairly well the two schools of thought in the House of Commons. There are others who have gone further and said that the whole social order will have to be changed. Others, again, direct their criticism only against the capitalistic system. One hon. member opposite said that capitalism is on trial to-day. The hon. member for North Bruce (Mr. Malcolm) took a broader viewpoint when he stated that it is not only capitalism but democracy which is on trial. If that view be correct—and I think it is—then not only is democracy on trial, but the very institutions of government founded under the democratic system are on trial. It has often occurred to me that this House of Commons, of which we form a part, is on trial to-day as it has never been before. It stands on trial before the bar of public opinion. There are in Canada a number of people who are criticizing freely the manner in which this house approaches the country's business. They are saying that we do not act in a businesslike manner. They are saying that the opposition, whether it be Liberal or otherwise, is concerned not so much with finding out whether legislation is good or bad as with fixing responsibility for the legislation, and making political capital out of it. They even go so far as to say that when any legislation, good or bad, is brought down by the government, the opposition, Liberal or otherwise, will attempt to make it appear bad. Even if the legislation is bad these people charge that the opposition is not so much concerned with making it good as with making capital out of it.

We know that in times like these, of stress and strain, people are more disposed to be critical of governments and institutions than they are in normal times. If the criticisms are unjustified and unwarranted, we have little to fear. On the other hand if in our institutions and the manner in which we approach the business of our country there is room for criticism, there rests upon the shoulders of every hon. member a heavy responsibility. All hon. members, Mr. Speaker, whether they sit to your left or to your right should feel that the good name of this house of parliament is their first concern. It is from this viewpoint that I purpose reviewing for a few moments some incidents that have occurred in this house since I came here, and some speeches that have been made.

Before going any further I admit quite freely that any party when in opposition is much more prone to be captious than when charged with the responsibilities of government. That, however, does not relieve the opposition, whether it be Liberal or any other party, from reasonable restraint. The fact is that the people are looking to the members of this house to deal with the business of the country in a businesslike way, in a manner free from political partisanship. With that thought in mind I wish to refer to some remarks made by the hon. member for Willow Bunch (Mr. Donnelly), particularly his reference to the administration of relief in the province of Saskatchewan. I refer now to his remarks as reported at pages 3243-44 of Hansard:

> . . . during the first two years of such administration we saw men running up and down the country handling relief and drawing salaries equal to what they were handing out in the way of relief for groceries.

Then I find he is quoted again at page 2696 as follows:

> There are now no relief officers running about the country in high-powered cars. Last year they were driving from one town to the other, smoking big cigars, burning gas up at the rate of $150 to $200 a month, doing nothing but just going from town to town and drawing as much money themselves as they were handing out in relief.

If these accusations are correct, if that is the way relief is being administered by the relief commission in the province of Saskatchewan, the people of Canada ought to

know it. On the other hand, if the statements I have just read are incorrect, they do a great injustice to the province of Saskatchewan and create a very wrong impression in the minds of the people of the rest of Canada. Therefore I want to deal for a little while with the administration of relief in that province by the relief commission.

The Saskatchewan relief commission was operating in 220 municipalities, over an area comprising 105,000 square miles. There was a relief officer in each municipality. To supervise these relief officers there were eleven supervisors. I leave it to any member of this house to say whether eleven supervisors would be too many to supervise 220 relief officers. The average salary of these relief officers was $76 per month; the average expense bill was $80 per month. The average salary of the supervisors was $100 per month and their average expense amounted to $153 per month. I ask you, Mr. Speaker, and through you the members of this house, if the hon. member for Willow Bunch fairly represented the work of these supervisors when he referred to them as running about the country in high-powered cars, smoking big cigars and burning up gasoline at the rate of $150 to $200 a month, when their salary was $100 a month and their average expense bill $153.

That commission administered in that time a fund of over $17,000,000. I want to tell you something else that is unique about that commission. It is generally accepted that when any institution is functioning under a government there will be a great deal of graft in connection with it, or in any event there will not be any saving. Let me tell you what happened in connection with this commission. They handled gasoline, fuel oil, machinery repairs, fuel and seed grain. On one item alone, that of kerosene for the tractors of the farmers, they made a saving of 2 cents a gallon, amounting to $77,000. It is unique in the history of this country that any institution functioning under a government should drive a hard bargain in buying supplies. Similar savings were made on all the commodities purchased by the commission, with the result that they saved on the total purchases an average of 33⅓ per cent. In all they saved to the Dominion of Canada $422,085.23, the benefit of which went to the people who received the relief. That means a saving of nearly half a million dollars to the people of Canada, accomplished by the relief commission of the province of Saskatchewan driving hard bargains with the people from whom they purchased. It amounted to more than the total cost of administration of relief in Saskatchewan. I wonder if the hon. member for Willow Bunch realizes how difficult he is making it for this administration to get the people of the rest of Canada to vote relief for the province of Saskatchewan when he is creating such an erroneous impression about that relief commission.

It is unfortunate that there are those in this country who try to stir up strife between eastern and western Canada. There are people in western Canada, including a certain section of the press in the west who are always trying to stir up strife between the two parts of Canada. They tell us we have tariffs to suit eastern Canada—a certain section of the press dwells upon that at all times. Then there are those who say that the west has to be fed by the east, and that the west would be no good if it were not for the east. Then some in the west come back and say that the east could not exist without the west. I say, Mr. Speaker, that we have purchased from eastern Canada their machinery and the products of their factories, and we have borrowed their money to develop western Canada. But we purchased their goods and machinery because we could purchase them here better than we could elsewhere, and we borrowed their money because we could borrow it better here than elsewhere. They sold us their machinery and their goods because we were the best market they had, and they sent us their money because we paid interest on it. It is nothing more or less than a satisfactory business arrangement between the two parts of Canada, and the east owes the west nothing and the west owes the east nothing for it. As a matter of fact we are working together on a business proposition to develop a good and substantial country; and all this puerile, trivial talk about the west depending on the east or the east depending on the west is a most pernicious thing in a country which we are trying to unify and consolidate and build up.

I wish to deal with another statement made by the hon. member for Willow Bunch. In the working out of this relief the Saskatchewan relief commission, in order to have uniformity in distribution, provided that all applicants should sign an order; certain goods are stipulated and none but those goods could be delivered on that order. The hon. member for Willow Bunch says that the merchants in his constituency did not fill out those orders according to instructions, that they gave the recipients any goods they wanted so long as they totalled the amount stated in the order. These orders of course were approved and certified by the relief officers and by the mer-

chants as well as by the recipients of the relief. First the relief officer stated what goods should be delivered, then the merchant certified that those goods were the precise goods he did deliver, and the recipient certified that those were the precise goods he got. If the orders were filled with other goods, or if the recipient was given cash, then both the merchant and the recipient were guilty of fraud and of obtaining goods or money under false pretences. The hon. member for Willow Bunch says that he has inquired of hundreds of merchants in his constituency and that none of them filled out the orders as they were required to do but that they gave false certificates. Therefore it follows that the recipients of relief also must have given false certificates. This simply means that there is not an honest merchant or an honest recipient of relief in the whole of the constituency of Willow Bunch. I do not believe this, Mr. Speaker. I believe the hon. member for Willow Bunch has maligned his constituents and that what he said with respect to them is not true.

The hon. member also referred to the fact that the Prime Minister had stated that notes were taken for this relief because the people of western Canada had sent in telegrams stating that they did not want charity, that they wanted the right to pay back the amount of this relief. Then he said:

> When I was in western Canada, on every platform I stood, I asked that those who had sent telegrams should stand up, but have never yet seen anyone do so. I believe they were afraid to stand up in case they might be lynched.

What does that mean? It simply means that if what the hon. member said is true the people in his constituency are not like the rest of the people in western Canada; they are prepared to be objects of the charity of this government rather than stand on their own feet and pay their own way. It means that if a man stands up in the constituency of Willow Bunch and says he does not want to be an object of charity he is liable to be lynched. I do not believe that. I know the people of Willow Bunch; I have done a good deal of business with them, and I believe they are good, average types of Canadian citizens. From what I know of them I am quite satisfied that in this statement also the hon. member has maligned his constituents. I do not believe they entered into this conspiracy to defraud; I do not believe they are prepared to take charity rather than pay their own way, and I seek to rescue the reputation of those people from the aspersions which have been cast upon them by their representative in this house.

I should like to make one further reference to the remarks of the hon. member for Willow Bunch this afternoon. Dealing with the budget he spoke of this government instructing Mr. McFarland to indulge in gambling on the Winnipeg grain exchange. The hon. member said that Mr. McFarland was put in there to sell the carry-over that was held by the pool, and that instead of doing so he bought wheat futures, or in other words did not do what the government placed him there to do. I do not know whether the hon. member knew what he was talking about; I do not know whether he understood the problem Mr. McFarland had to solve. The fact is simply this, that Mr. McFarland was given the task of disposing of that large carry-over held by the pool. How could he do it? He had to sell that grain and no one would buy it unless he could sell futures against his purchases. Mr. McFarland had to buy those futures in order to make that transaction possible. In other words, in buying those futures he was doing the very thing the government placed him there to do; he was selling the grain. The hon. member for Willow Bunch said that was gambling, and that Mr. McFarland and the government should not have indulged in this practice. I am not going into the question of the moral right or wrong of dealing in futures; that is not the question. The fact is that this is the system of handling grain in this country at the present time; there is no other system. Mr. McFarland did not have the time or the means to step in and change the whole marketing system of the world in order to dispose of that surplus. He could dispose of it only in one way and, that was through the ordinary channels of trade and the ordinary means at his disposal. He used those means, and he did so legitimately. If they are wrong that is something that will have to be considered, though a royal commission appointed by this government has decided that this system is necessary and is the best that has so far been devised. That being so I think the hon. member, when he made those statements to-day, should have known that he was giving an entirely wrong impression to the people of this country when he tried to give them to understand that Mr. McFarland was deliberately gambling in futures for the purpose of making up something he thought this country had lost.

I have referred to these matters, Mr. Speaker, as I stated in my opening remarks,

because I believe that the people of Canada expect the members of this house to approach the business of the country from a business standpoint instead of waging political battles on the floor of the house. Such statements as those made by the hon. member in the speeches to which I have referred do not tend to establish confidence in our institutions of government but rather cause people to lose faith in those institutions. I believe such statements are responsible for a good deal of the discontent and unrest that we have in Canada to-day.

Now I should like to refer briefly to one or two matters dealt with by the hon. member for Shelburne-Yarmouth (Mr. Ralston) in his speech on the budget. I always have had a good deal of admiration for the hon. member, but I must say that some of his remarks rather surprised and disappointed me. I should like to say a word with regard to his reference to the amount placed in the estimates for the radio commission. At page 3372 of Hansard he is reported as having said:

> Now let me mention one or two other matters that are in the minds of the people, though hon. gentlemen opposite may say they are minor matters. I imagine there were very few people in this country, when they saw the contents of this budget, with the taxes which are being imposed and the lack of any real reduction in expenditure, who did not immediately think of the radio commission, for which we are being asked to vote $1,000,000 at a time like this.

I should like to direct attention to this, Mr. Speaker: First of all the hon. member mentioned high taxation and then referred to this amount being placed in the estimates at a time like this. Apparently he desired to leave in the minds of the people the idea that these taxes were being levied in order to raise this amount for the radio commission. The hon. member knows, or ought to know, that this money has been collected in radio licence fees. I have inquired from the government and I find that the Department of Marine has collected about $1,500,000 through the sale of radio licences. Last year we appointed a committee of this house to consider the question of radio broadcasting and to bring in a report. That report was unanimous, and was signed by every member of the committee; I think it passed through this house with greater unanimity than has been shown in regard to any report presented since I have been here. I do not think one dissenting voice was raised. If any hon. member is interested the report appears at page 2710 of Hansard for last session. Recommendation (d) contained in that report was as follows:

> That all revenues obtained from licence fees, sale of advertisement and other revenues accessory to the business of broadcasting be used by the commission in the interests of radio.

The act also provides that these licence fees shall be paid into the consolidated revenue fund. True there is no way of identifying that money, but there is a recommendation in the report providing that these fees shall be used by the commission in the interests of radio. If that is wrong, then the hon. member for Shelburne-Yarmouth is just as responsible as any member on this side. Indeed, every hon. member who sits opposite is equally responsible with those on this side of the house because it was the most nearly unanimous vote we have had in this house in a long time.

Mr. YOUNG: No; it was not unanimous.

Mr. BEYNON: Probably there was one objection; I did not know the hon. member was present on that occasion. Apart from him, however, it was the most nearly unanimous vote we have ever had in this house, and yet the hon. member for Shelburne-Yarmouth tries to leave with the people the impression that this government is taxing them for the purpose of voting $1,000,000 to the radio commission. What does that mean? How can we expect the people to have confidence in the institutions of government if an hon. member who has been a minister of the crown is going to stand up in this house and, at least by his conduct or his silence, endorse what the government does to-day, and then try to escape responsibility for it to-morrow? That is precisely what the hon. member was doing.

I refer now to another remark made by the hon. member for Shelburne-Yarmouth. He said to the Minister of Finance: What did the government of Great Britain do when they found that their revenues would not meet expenditures? Why, they reduced expenditures; they economized. Now, that seems a very, very reasonable thing to do, but I would point out that in all the time since I have been in this house I have not known one retraction in expenditures proposed by this government which has not been opposed by the official opposition—not one. It might be that in some of its proposals of reduction in expenditures the government would be wrong, but it is inconceivable that in all these proposals it can be wrong. Surely it must have been right sometimes; yet we find the opposition, so far as I can remember at any

rate, opposing practically every proposed retraction in expenditures, and when they come to deal with the budget they turn around and ask, "Why doesn't the government economize?"

The hon. member also made some references to the tariff. Hon. gentlemen opposite are very keen about the tariff; this is their pet subject. My hon. friend referred to a statement made by Sir John Aird, as reported at page 3379 of Hansard. Sir John Aird is quoted as speaking of the recognition in several quarters that extreme protection had proved a boomerang, and he used the phrase nationalistic mania, a phrase which the hon. gentleman commended to the attention of the Prime Minister. And he says that he thinks that on this occasion Sir John Aird must have had in mind the dumping duties applied by this government. He tries to leave with the people the impression that the strangulation of Canada's trade is attributable to the duties imposed by this government. It happens, however, that there are those who do not take the same view. Let me quote now, not from a Conservative, not from a friend of this government, but from the leader of liberalism in the province of Saskatchewan. I have before me the report of a speech delivered by the Hon. James G. Gardiner, the present leader of the Liberal opposition in Saskatchewan and ex-premier of the province, and this is what he said in Grand Coulee in March last:

> Canada was suffering to-day, said Mr. Gardiner, because of the high tariffs imposed on Canadian exportable foodstuffs by European countries. These tariffs had been placed against Canadian goods, not because of antagonism to Canada, but as an inducement to the people of the European countries to produce more food. These tariffs will remain—

How long? So long as the dumping duties remain? No; that is not what Mr. Gardiner says.

> These tariffs will remain just so long as those countries believe there is an immediate danger of war, and foodstuffs within their own boundaries are required.

That comes from a leader of liberalism in Saskatchewan; he has placed the tariff problem where it belongs in relation to the strangulation of trade. It belongs to those countries which have placed their tariffs against our goods, due not, as he points out, to antagonism to this country, or to the desire to retaliate, but to the fact that they have a problem of their own to solve.

The hon. member for Shelburne-Yarmouth knows as well as anyone else does that the tariffs placed by this government have been placed for the purpose of saving this country, for the purpose of saving the industrial and financial fabric of the country; and he knows as well as anyone else does that it would spell blue ruin to Canada if these tariffs were taken off. I believe that the leader of this government is more in favour of low tariffs than the leader of the official opposition, and I think he has done more to bring about a proper adjustment of world tariffs than any leader of any government we have had in Canada, and this not by throwing down our tariff barriers but by putting them up so that others might see that they could not exploit this country while keeping up their own tariff walls. That is why we now have some prospect of entering into a trade agreement with the United States.

Mr. D'ARCY B. PLUNKETT (Victoria): I am sure that every hon. member of this house realizes, as every member of any legislative body anywhere in the world must admit, that the ways of ministers of finance are not easy in these times. It is therefore a pleasure for me to-night to congratulate the Minister of Finance (Mr. Rhodes) on the very able budget he has brought down and the manner in which it was presented, and to assure him of the great expectations we have with respect to it.

With the indulgence of the house I purpose to-night to refer to some aspects of the late empire economic conference and the treaty arrived at. I did not speak last fall nor have I spoken during the present session, and I trust therefore that the house will forgive me for bringing this matter up at this late date. When I look back upon that treaty and think of the great Liberal party of Canada, and when I see how it has denied its own views in opposing the consummation of that treaty, I sometimes wonder where hon. gentlemen opposite find the strength to maintain their position. In that connection I wish to read a statement made in 1930 by the Hon. Mr. Dunning, then Minister of Finance in the late Liberal government, when he brought down the budget that proposed the countervailing duties. We never hear anything about countervailing duties now; they are forgotten. In fact, I think the word is now counterfailing; it was a budget that passed over the counter but it was never accepted. Perhaps it was a remnant, but this is what Mr. Dunning said at that time:

> But we believe that within the British community of nations lies the greatest measure of opportunity for mutual development of trade because of our common heritage, kindred institutions and a common patriotism.

I am sure the house can grasp the meaning of those words which were endorsed by the party as an election appeal and then repudiated two years later in no mild way. This house had to suffer for six weeks listening to criticism which could have been made in three. We had to suffer and listen to the most rabid speeches. Finally they accepted the agreements and now they are claiming virtue. But that is nothing new as far as the Liberal party is concerned. As trade with Great Britain increases we may expect the Liberal party to take the stand that it was only criticism they were offering. They are turning now to their old friends the United States of America.

Mr. YOUNG: We have lots of company.

Mr. PLUNKETT: The Conservative party has always been ready to negotiate a treaty with the United States but it has not been ready to let a country raid our markets to the extent of nearly $900,000,000 in one year. I should like to quote what the hon. member for Vancouver Centre (Mr. Mackenzie) said with reference to British preference when seeking election in his own city. His statement was even worse than that of Mr. Dunning and it must be hard for his party to swallow. He used these words:

> British preference will divert $200,000,000 of Canadian purchases to Great Britain from the United States. Great Britain will buy $300,000,000 of Canadian foodstuffs.

The hon. member knew what business could be done with Great Britain and he knew also that that country was going off the gold standard. He continued:

> British preference means that Canada will give Great Britain and other parts of the British empire the right to sell to us under more favourable terms than we offer foreign countries those commodities which we do not produce economically ourselves. In other words, Liberal policy is: We prefer to trade with the empire.

But listen to just how consistent the hon. member is when he speaks in this house. Last fall he said that the treaty was an attempt to set up an imperial economic unit, and he then described the whole treaty as an iniquitous agreement which had failed completely to deal with the question of exchange and empire content. Surely that was a right about face! But such a thing is not unusual with the Liberal party.

It has been stated by members of the Liberal party that a national unemployment commission or committee should have been appointed. Let us study this matter for a moment to see what is involved. How would this commission be set up? Would we select one member from each province? Would it be a royal commission to travel up and down the country as they usually do inquiring into conditions existing in each province and realizing finally that the problems of one province were not those of another? It must be remembered that Ontario and Quebec are manufacturing and agricultural provinces; the three prairie provinces are grain producers while the lumbering business takes first place in British Columbia. Would a national committee be able to carry on this work as economically as committees set up by the provincial governments? These provincial commissions understand the conditions prevailing in their own provinces, and they do not interfere with local jurisdiction or provincial rights. These statements may sound fine when they are made but they are vastly different when they are analysed. I do not think anyone would expect a commissioner from Quebec or the maritime provinces to understand the problems of British Columbia. This would have been a costly enterprise.

It has been said also that the unemployed should be put to work on provincial and dominion public works. I have spoken with many contractors and they tell me that the difficulty is not in putting these men to work but in getting them to do some work. These men contend that the state owes them a living and many of them do not realize just what is the state. The state is the taxpayers of Canada, just as long as the people pay taxes and no longer. There is the idea abroad that certain taxpayers should keep others who are unemployed. We all regret the conditions that prevail but to my mind it would mean nothing less than bankruptcy to start out on the construction of costly public works. The difficulty is to get these people to believe that they have to work once more. This is one of the problems which we must contend with in unemployment relief.

Certain Liberal policies remind me of some handshakes I have received. There is the gesture of the proferred hand with no sincerity behind it, and so it is with some of their policies. Many of us have shaken hands with people who suddenly withdrew their hands as though they were hurting our feelings. Very often the Liberals bring out a policy and suddenly withdraw it, but such action has never hurt the feelings of the people of Canada. That party is now commencing an era of saving. It was refreshing the other night to hear the hon. member for West Middlesex

(Mr. Elliott) and Quebec South (Mr. Power) criticizing the Minister of Public Works (Mr. Stewart) for spending too much. That was such an unusual occurrence that I decided to look up the record of the late Liberal government for the last ten years it was in power. I found that the Department of Public Works under the Liberal regime spent on an average of $23,000,000 per year, while the same department during three years of Conservative regime spent on an average of only $17,000,000 per year. I hope this saving will not be carried too far or it may mean that the wages of the charwomen which were advanced so handsomely just before the last elections will have to be reduced.

I often regret that the senior member for Ottawa (Mr. Chevrier) does not make up his mind to speak on something else than the civil service. I have no doubt that if he did so he would make a splendid speech. He seems to have the idea that the only place in Canada where there is a civil service is in Ottawa; he forgets that there are just as loyal civil servants right across Canada. These civil servants have taken the ten per cent cut just the same as those in Ottawa. He seems to forget that it is taxpayers who are paying the salaries of these civil servants, and there are many taxpayers who have never seen a civil servant. The hon. members for Ottawa have great ability and I am sure it would prove to be refreshing if they would speak upon some other subject than the civil service. Civil servants across Canada have asked me: "Are the civil servants in Ottawa any better than we are? The members for Ottawa speak oftener for the civil service than does the member from my constituency." I find it hard to answer such a question. I feel that the civil servants are just as loyal in one part of Canada as in another.

Speaking of bank failures, we should be gratified at and proud of the situation in Canada. Bank failures in the United States during recent years have amounted to 9,366, involving deposits of $4,271,000,000, ending finally with temporary suspension of all banks including the federal reserve system. In Canada there have been no bank failures since 1923, and not one depositor has lost a dollar through bank failures in this country since that year.

The proposal of the government to appoint a royal commission to study our banking and monetary system and to make recommendations is excellent, but I believe this commission should have wider powers of inquiry or jurisdiction and that authority should be given to it to inquire into and report upon the conduct of all stock exchange transactions. It may not be logical to combine these two commissions, but there is throughout Canada to-day more regret, discontent and unrest in regard to future business transactions and the stock exchanges than there has ever been before in our history. It seems to be a racketeering job in Canada for promoters to get hold of some well established old firm, where perhaps the man who made the business has passed away and the younger generation is not so much concerned with the good name of the business that was built as with the money they can get out of it. So they are approached by these promoters, and on the name of that very old firm and its reputation, people buy those stocks after they have been watered to the depths. Then the banks ask for their interest and the firm is unable to pay it. There must come a time when stock exchanges will have to be examined and we shall have to provide regulations to control the issuance of stock beyond a certain degree or margin of safety for investors, or, in other words, curtailment or control of watered stock operations by high pressure salesmen or promoters. When that is done, I believe it will be of more value than anything else in bringing confidence back to the nation. I know many old firms that have been closed up and incorporated into other companies. Such firms were of great service to the country at the time. Small shoppers could get extended credit from them. To-day if you go into any incorporated company which has become a large concern and do not pay in thirty days, they close you out. But the old responsible firm which carried these people, which extended their credit for the time being, did not have watered stock; that was the difference. The next purposeful step this government takes should be to appoint a commission to inquire into stock exchange transactions and to stop promoters and high pressure salesmen from flooding the market with watered stock.

Speaking of the new party, the Cooperative Commonwealth Federation—and I am not going to join them up with Russia; I do not want any of them for a moment to think that; I do not believe they have quite reached that depth in the mire—I have never been able to understand what they mean by planned economy. Let us look at this nation, its infancy and how it has grown. Could we have accomplished what we have if we had not had some system of planned economy? Another statement which my hon. friends often make is: "The capitalistic system has failed." There is some excuse for its slipping once after the

many years through which it has carried us, after the great nation it has built here, after constructing, as it has, transportation systems across this country. Are we going to condemn all those things because we have been brought back to the light, to frugality and a better mode of living? Are we to give up all the things we have won—our social and labour legislation, hospitalization, mothers' pensions, mothers' allowances, old men's homes? Is that the product of a backward nation and a system that has failed? I think not. Are we to condemn it because for four or five years we have travail and hard labour? Perhaps we need this; we may not have been working along the right line.

My hon. friends speak of an increase in commodity prices. We all wish for that. It is easy to make statements and to express wishes in a general way, but it is quite another thing when we try to work them out in applying them. No inference or indication has yet been given by the Cooperative Commonwealth Federation party that they have evolved a system, that they have got down to facts and can advise us of any definite arrangements they are making for the government of the country. The suggestion was made by the hon. member for Southeast Grey (Miss Macphail) that we should confiscate all incomes over $20,000 a year. That is a different matter. I do not know whether the people will accept it or not. My hon. friends, however, have been insistent in quoting to us views of professors on economics. The other day I came across something which I am going to read for the benefit of members of the C.C.F. party and any others to whom it may apply, who may have extreme ideas and wish to change the whole system. This is a statement made by G. D. H. Cole, reader in economics in the University of Oxford and member of the Economic Advisory Council, in a book recently written by him:

> Indeed there are some people who go so far as to attribute almost all our economic difficulties to the misuse of money, and hold that everything can be put right by a change in monetary policy without making any fundamental alteration in the other aspects of economic organization. These are "currency cranks" whose doctrines have at all times of economic distress exercised an extraordinary fascination over men's minds, so that whenever anything goes wrong with the industrial system it is safe to predict that a fresh batch of infallible plans for restoring prosperity by the manipulation of money will promptly make its appearance . . . For it is so fatally easy to go stark staring mad in thinking and talking about money, and those whom the madness grips appear to become fatally incapable of talking sense on any subject.

That is from a professor and I believe it will have great effect with the members of the C.C.F. party, for we have had to suffer in this house quotations from so many professors, it is a relief to find one a little bit different from those who so far have been quoted to us.

I wish to speak for just a moment on one or two points of the Liberal platform. Let me take the first:

> To deal with unemployment "through a representative national commission which would cooperate with the provinces and municipalities."

Are we not doing that now at less cost to the dominion than as proposed by them?

> As a permanent measure, the party was pledged "to institute policies which will serve to provide employment by reviving industry and trade and the institution of a national system of unemployment insurance.

When the Liberal party were in power, they did not establish a national system of unemployment insurance, although they had the opportunity.

Another of their points is:

> To promote "trade with all nations—"

This is really laughable.

> "—and negotiate trade agreements with any countries willing to trade with Canada on a reciprocal basis."

I do not think there would be any objection to this government doing that; it is what this party is anxious to do at all times. That is another great platform and not new. But the last one, the fourteenth, is a gem:

> Overhauling of the costs of government, federal, provincial and municipal.

Yet we have the leader of the opposition (Mr. Mackenzie King) continuously telling us not to interfere with the provinces; if you do that, it is unconstitutional. Nevertheless he would control their finances, run their governments notwithstanding this great constitutional fetish which he carries about with him.

What reason have we to be discouraged? I speak particularly to the western members. It is peculiar to note that due to the blinding partisanship of hon. members from Vancouver and other parts of British Columbia they can see nothing good in their native province. If one were to listen to what some hon. members from British Columbia have to say, he would almost imagine that that province is on the road to oblivion. In that connection I shall quote from that great Vancouver paper, The Sun:

> Vancouver's trade greatest in four years. Four hundred shiploads of grain alone. General export has big improvement.

Here is where Vancouver begins to get a little bit jealous. Vancouver has never been noted for generosity, so they say.

Total exports apart from grain experienced a decline of 150,000 tons from 1931.

New Westminster gets benefit. To some extent this loss was only nominal. The port growth of New Westminster, which in 1932 reached heights never before attained, has been made to a degree at Vancouver's expense. Some commodities, like metal and fruit, which formerly moved mostly through Vancouver, now go out chiefly through Vancouver's companion port on the Fraser.

If you interfere with the trade of Vancouver, or get a greater share of the trade than she does, you will be called a chum; or pal; that is the way they figure. Hon. members from British Columbia never tell any of these facts. So far as they are concerned one would be led to believe there is nothing but destitution on the Pacific coast.

Then in The Sun of another date we find the following:

Vancouver's vast foreign trade; 80 ships at sea with British Columbia goods. Colourful port activity hardly equalled in world centres.

The article continues:

The shipping season is at the peak of its seasonal rise. Thousands of tons of Canada's products are moving daily to a hundred different lands. The harbour throbs with steamships, motorships, towboats, gasboats . . . On one day last week 25 deep sea carriers, representing seven different maritime nations were in Vancouver harbour at the same time . . . As many as 17 ships to take grain were in port together on one day last week and not five minutes delay was recorded by them according to harbour board officials.

There are capital investments coming into Canada. Many United States firms have built branch industrial and commercial houses in this country, and have been spending money here. Our trade with Great Britain has increased, and the prices received for our agricultural products compare favourably with those obtaining in any other part of the world. Our Canadian citizens are coming home. This year four Canadian families about which I know returned to Victoria in my province.

When we consider all these factors we should not persist in carping criticism and political partisanship, but should accept the difficulties and try to meet them. If the Liberal party feel they should be in power there may come a time when they will have an opportunity to criticize the present government, but when we are going through these difficult times they are not acting properly or from the national point of view when they try to influence the faith of our people in Canadian institutions.

[Mr. Plunkett.]

Mr. J. H. STITT (Selkirk): Mr. Speaker, I hope the house will bear with me as I speak in the closing stages of the debate. First I should like to congratulate the Minister of Finance (Mr. Rhodes) upon the very able manner in which he presented the budget. I congratulate him further upon his imagination and upon the spirit of progress reflected in his utterances. I believe however that the budget is not one upon which I can altogether congratulate the government. I make bold enough to offer a few comments, particularly with regard to one phase of the speech, because I believe I have peculiar qualifications for knowing something about the returned soldier problem.

I believe I am the only member of the house who has been a pensioner, a returned soldier and at one time a civil servant. In 1920 I was chairman of the committee of the Great War Veterans' Association of Ottawa when it went before the government concerning pension legislation. On that occasion the one principle which we espoused, and which the government accepted, was that no matter how much a returned soldier was given by way of pension, that pension would never be taken into consideration by industry in fixing his emolument. I believe that principle is enshrined in the Pension Act.

We are passing through very difficult times, when the very fabric of the state is in danger, when industry has collapsed, when unemployment is rife, and when all Canadians have to be called upon to make sacrifices. I believe the veterans will not be the last to make any sacrifice which may be necessary in the interests of Canada. I should like to direct my remarks particularly to that part of the budget speech of the Finance Minister which I quote as follows:

In this connection, I may say that with respect to pensioners who are in the employ of the government and who are paid the salary of the position, action will be taken whereby the payment of pension will be suspended during the period of such employment.

What did these men who are in the preferred position of pensioners in the civil service really get out of the war? True, they got a job. They received that position through the Civil Service Commission, and they have their pensions. I believe the Association of United Veterans have appeared before the Minister of Finance and the cabinet and have laid down the principle of equality of sacrifice. They are willing to make a sacrifice, if necessary, but they are asking that other Canadians make an equal sacrifice. I notice that

on the memorandum submitted to the government the name of Mr. Ed. Baker of the Sir Arthur Pearson Club for Blinded Soldiers and Sailors appears. In this year 1933, so many years after the war, I wonder if the government —this government that I support, this government that has always stood behind the empire, this government that has brought about inter-imperial treaties—I wonder if they really realize just what sacrifices some of these men made. All they have to do is to look into the glassy eyes of Ed. Baker—that is all they have to do. If any man can stand up in this house and say that the armless veterans represented by Reg. Bowler, who no doubt was before the government; that the legless veterans represented by Sydney Lambert, that the blind veterans represented by Ed. Baker, have really not put to the government a fair case when they ask for equality of sacrifice, then I say that the government is lacking in imagination, which I do not believe they are. I do not believe they can have truly estimated just what this provision in the budget means.

Some hon. MEMBERS: Hear, hear.

Mr. STITT (Selkirk): Mr. Speaker, there were two classes of men who gave service to the country during the war; the men who gave their money, and the men who gave their bodies, their blood, and their lives. You entered into a contract with the men who gave their money to carry on the war—we have heard a great deal about the sanctity of contracts, and in order to preserve our credit position as a nation in the international money markets it is necessary for us never to entertain for a moment the idea of the repudiation of contracts. But I say that a contract was made with the veterans of this country; this nation gave its covenant to them by statute even as to the bondholders it gave a contract in writing. To me, Mr. Speaker, it is a very strange situation, it is something I never expected, it is beyond any flight of my imagination, that a Conservative government, a government of men who love the empire, can dishonour a contract made with the true sons of the empire, when that contract was signed and sealed with their blood. Mr. Speaker, I am going to ask the Finance minister or some member of the government to give some statement before the vote is called on this matter. I am going to suggest that this is not the time when this matter regarding civil servants' pensions should be considered. There is going to be a measure presented to this house in a few days with regard to returned soldiers' pensions. It is in connection with that that this question ought to be decided; it should not be included in the budget. I am going to be bold enough to ask the government if they will not withdraw this proposal from the budget when we come to vote on it this evening.

Some hon. MEMBERS: Hear, hear.

Mr. STITT (Selkirk): I am going to put this proposition up to the government; the time is coming when other Canadians are going to be asked to make a sacrifice in the interests of this country. The time is coming when, owing to the decline of prices, to the very great difficulty that the Finance minister has in raising revenue to carry on the ordinary business of government, that the holders of Canadian bonds are going to be asked to make a conversion. They are not going to be forced to do it by statute; you are going to put the proposition up to them as a voluntary action. You are going to say: We made a contract with you and we abide by the contract, but we ask you as Canadians to release us from that contract in the interests of the country. I say, if you are going to treat the bondholders in that way, treat the veterans in the same way and you will get just as noble, just as true, and just as prompt an answer from them as you will get from the bondholders. It may be necessary, yea, Mr. Speaker, it may be imperative before very long to carry into legislation provisions which will relieve us from the terrific burden of interest which is weighing upon this country at the present time. I do not know that I can put in words what I feel on this matter. I believe that if the government will show to the veterans of this country that there is a financial crisis, instead of saving by compulsion a mere $850,000 the veterans may hand back to this country voluntarily $5,000,000. They are not going to be the last to make a contribution, because they were the first to make a real sacrifice in the interests of Canada.

Now let me pass on to a few items in the budget with which I am in accord. I want to congratulate the Finance minister on raising the income tax. I was rather surprised at the chief financial critic of the Liberal opposition when he found fault with the increase in the income tax. It is rather illuminating to note the contributions which are required in the way of income tax in England in comparison with what is required in Canada. Under the new provisions of the Canadian budget a taxpayer with an income of $10,000 will be required to pay $546, but on

an income of £2,000 the English taxpayer is required to pay $1,715, or £353. Then they make a differentiation between earned and unearned income. On an income of £2,000 obtained entirely from investments the taxpayer has to contribute $2,080, which is a much higher tax than that to be levied in Canada. And I believe when the hon. member for Shelburne-Yarmouth made this criticism of the government for raising the income tax he illustrated in a very graphic way the truth of the statement made by Sir Richard Cartwright when he said that oft times in the history of this country the Conservatives had proved themselves the true Liberals while the Liberals were really the Conservatives—using the word "Conservative" of course, in a bad sense.

I desire to congratulate the government on the decision to appoint a commission to investigate currency and banking. There is a wind rising in this country regarding money and finance. I hope that when the appointments are made they will not be confined to merely a bankers' committee. I hope some opportunity will be given to men not exclusively interested in banking to consider these problems.

I also desire to congratulate the government on the stabilization fund. It is a recognition of the fact that after all, money is the blood of trade, and that unless we have uniform money throughout the world we are going to be in the same difficulty that we are in now with respect to high tariffs.

There are perhaps a few other matters upon which I might speak, but as the hour is growing late and we have reached the closing stages of the budget debate I merely want to say this, that in the words of Disraeli, I am a Conservative to stand for all things that are good in this country, and I am a radical to eradicate those things which are bad. I believe there is a great deal of merit in the amendment which has been moved by the group in the corner. As my hon. friend from Moose Jaw (Mr. Beynon) stated, a member does no good by being merely a blind partisan and simply following the party whip. I am a member of what I think is a great party, led by very great men, and I want to tell the house that in spite of the fact that throughout my whole life I have been and still am dominated by ideas I always have had some conception of the reality of things. I believe we have in the leader of our party, the right hon. Prime Minister (Mr. Bennett), a man who is grappling with realities and who, when the time comes, because of his character and his courage will be perhaps the one man capable of facing the situation and doing the things necessary to preserve this country and its institutions.

As I say, Mr. Speaker, I believe there is a great deal of merit in the amendment moved by the Progressive group, and I want to indicate why I think so. The amendment was moved as a protest against the continuance of the policy of deflation and increasing unemployment. I do not know but what the time has come when this country must decide whether in the interests of Canada it is not necessary to adopt a policy which will mean more employment and which, to a limited extent, may mean a conscription of wealth in order to develop this country as it ought to be developed. When I speak of the conscription of wealth perhaps I should explain myself. I do not believe we should take from any man that which he has without promising him a return, but I do believe that in times like these, when capital has no opportunity to make profitable investments, or when capital is so frightened—and properly so—of what might be the result of any investment whatever, the state must step in and take over those functions which capital is failing to exercise. Inasmuch as the Progressive amendment is a protest against the present policy; inasmuch as I believe that unless something is done at the world economic conference we will have to come back and put that policy into force; inasmuch as the hon. member for Moose Jaw has stated that now is the time for the members of parliament to face issues and facts and stand up as men, this will be my course: I am not going to vote in favour of the Progressive amendment, because that will mean that I must leave my party, that I have lost confidence in it. But I am not going to vote against it. I believe we are reaching the stage in this country when capital, if it is to be preserved at all, must take a very different attitude.

I had intended, Mr. Speaker, to occupy the time of the house for only fifteen minutes, but I have taken a little longer. My remarks have been disjointed, but before resuming my seat I should like to urge the government to consider whether this whole question of the pensioners in the civil service should not be considered when the pension legislation is brought down. Do the members of the government not realize that the greatest force in Canada for the preservation of law and order is the veterans themselves? Do they not

realize that before they compel the veterans, by statutory enactment, to make this sacrifice, they should give them an opportunity voluntarily to assist the country? Do they not think that before these men are compelled to do this there are other interests in the country which should be asked to assist this dominion in its struggle against adversity?

Mr. W. W. KENNEDY (Winnipeg South Centre): Mr. Speaker, I know it is the desire of the house to take the vote on the budget before eleven o'clock to-night; it is now half past ten, therefore I will take only a very few minutes. I am going to resist the temptation to discuss a number of matters; I will devote my remarks to one subject alone, in the hope that by so doing I can perhaps place special emphasis on that subject. I refer to that portion of the budget address concerning which the hon. member for Selkirk (Mr. Stitt), who has just taken his seat, spoke so eloquently. His words, the manner of his speaking, the clarity and the simplicity of his statement, have rendered the task I propose to undertake very simple indeed, and I am enabled very considerably to shorten my remarks. For that I am indeed grateful to my colleague from Selkirk.

The hon. member read the statement in the budget referring to the intention of the government to interfere, if I may use that word, with the pensions received by ex-service men in the civil service. Perhaps it would be well if, beside the statement read by the hon. member from the budget speech delivered by the Minister of Finance (Mr. Rhodes) on March 21, I placed the explanation given by the minister three days later. I will read that explanation to the house. Speaking on March 24 the Minister of Finance said:

> Perhaps in this connection, however, I might be permitted to say one word, as there would appear to be some considerable misapprehension with regard to what is in the mind of the government in respect to pensions. The last thing in the world that we had in mind was any interference with the sanctity of the contract concerning pensions. Whatever merit there may or may not be attached to the suggestions contained in the budget speech with respect to pensions, it was never intended to interfere with pensions as such. Perhaps I should also add for the information of the house that this morning we had a long conference with the heads of the various veteran organizations. That conference is to be renewed, and at its conclusion an announcement of a specific character will be made to the house.

I further understand from the Minister of Finance that arrangements have been made for another conference on Wednesday next with the representatives of the various soldier organizations in this country as well as some fifty others gathered from all parts of Canada, in the hope of meeting the views of the veterans generally as expressed through their organizations. Just here I should like to say —and I speak with knowledge—that the representatives of the ex-service men have been pleased indeed with the interviews they have had already with the Prime Minister (Mr. Bennett) and the Minister of Finance. They have spoken very warmly indeed of the manner in which their views were received. I think the veterans generally throughout Canada, as well as all Canadians, should be proud to have such fair and competent men as leaders of their organizations. In dealing with this matter—which, when it was first broached, came as a shock to the pensioners generally—they did not rush into print at once; they took the good Anglo-Saxon method of meeting and reasoning together, and it is my confident belief, from the assurances I have had from the Minister of Finance, that an adjustment will be worked out to the satisfaction of all concerned.

I am not going into details with regard to the rights of pensioners under the Civil Service Act, except to say this. By virtue of the provisions of that act preference is given, first, to ex-service men suffering from disability in regard to governmental employment, and in receipt of pension and secondly, to ex-service men not in receipt of pensions. By virtue of these provisions of the act quite a number of pensioners have found their way into government departments in employment, in a measure, sheltered. The suggestion in the budget has to do with that class and that class alone.

It appears to me that behind the suggestion contained in the budget there must have been this theory, that a pensioner who was suffering a disability, so found by the Board of Pension Commissioners, and awarded a pension should be considered by that award to have had his disability removed in so far as competition in civil life was concerned. In other words, the proposal must have been premised on this: If I am an ex-service man disabled and the board assesses my disability at thirty per cent and gives me a thirty per cent pension, then it must have been assumed, I take it, that that thirty per cent pension would put me on a competitive basis with another ex-service man who was not entitled to pension. Well, it may do so on paper, but it does not in fact, and that is one point I wish to try to impress upon this

house to-night. I think I can do it best by illustration.

I do not wish to harrow the house with scenes and tales of service; I wish to state only facts and in such plain and simple language as I can command. I will not indulge in exaggeration or hyperbole. The facts are these—I will give one instance. On the eve of October 26, 1917, a wet, miserable, rotten night in Flanders, sleet and mud and mire, a wilderness, where shell fire served only to make darkness visible, there went up to Passchendaele the Canadian corps. They moved up through mud and shelling and for two days and two nights they lay in open fields without trenches, ready to go over. They had no sleep that could be called sleep. Not one hour of that time were they dry or warm, but always cold, shivering and miserable. But they were representatives of Canada. On the eve of October 26 they were in the jumping-off position. I will speak of a regiment in what was known as the first wave of attack on the morning of October 26, the forty-sixth battalion of infantry of Saskatchewan, of which hon. members from that province should be proud. At five-thirty in the morning they went over the top and took all objectives, but they were decimated. They fought off three separate counter-attacks that afternoon. They were relieved at midnight. How many came out? I speak of my own knowledge for two left companies of that battalion. Of half the regiment there came out that night one officer, one lance corporal and forty-three other ranks. These were all the men that returned, having been through that experience from five-thirty in the morning until midnight. What about the rest? Many never came out, but a fair percentage did. They were walking wounded and stretcher cases and at night, after the regiment was relieved, searching parties, directed only by the cries of the wounded men, located them and carried them out. These men found their way back to Canada. Some of them are still in the hospitals, though sixteen years have passed. Some of them are walking our streets crippled, and some have found their way into the service of the government of Canada. It is of these that I speak to-night. These are the ones, men of that regiment and of like regiments, who will be affected by this legislation if it goes through.

Let us take a specific case. There is one who stands at the door of this chamber. He receives a pension of thirty per cent—stomach muscles torn away, with a plate in. A government job, it is true, a government job, standing at the door of this chamber. But why this job? Because that disability makes it impossible for him to go out and take his place in the competitive life of the country where he might obtain anything like the job, if one were going, which he would be capable of filling. He gets $30 a month pension and takes the only job he can fill, one that requires no manual work—a light job and light pay. Add his light pay to his thirty per cent pension. Is he put on the same basis as the man without war disability who can fight his way through life? Not by any manner of means.

If this forecast legislation went through it would mean that that man would have deducted from the salary that goes with his position the $30 per month pension. Does Canada want to do that? Does she need to do it yet? And to the eternal credit of these men filling these positions to-day, let it be said that the country has hardly heard a chirp out of them. I will tell you why. They do not believe that this government will do such a thing, nor do I believe it in view of the explanation given by the minister. Sacrifices must be made, it is true. I believe the hon. member for Selkirk was right. In fact, the officials of the soldiers' organizations have suggested, according to the press, that if it be necessary for pensioners to give something from their pensions to help out Canada in her hour of need, they will do so, as they gave their bodies and their ideals on another occasion. I believe they would do it. But Canada is not in such desperate straits as that. I say to the government, so far as these men are concerned, let Canada wait a little longer.

It is still a great army, and I want to say this in closing. The ex-service men of the great war, so far as the Canadian corps is concerned, have been treated more fairly, more generously, if I may use that term, than the soldiers of any other nation that fought in that war. That is a fact. Do not forget this, either, that the ex-service men of Canada appreciate the privileges and distinction they enjoy, and it is a distinction in which I think all Canadians should feel proud to share. I say, let Canada wait a little longer. It is still a great army, but the ranks are thinning, though not with shrapnel; for every day, almost every hour, death strikes. Each spring a little ceremony takes place across this country in our cemeteries, where the soldiers who still remain parade and play the Last Post and then the Reveille. The ranks are thinning. It is an army to whose ranks come no new recruits, but from whose ranks daily and hourly

men are being discharged by that great demobilization officer—death. I say to this house and to the government: if it be any advantage to disabled pensioners to have a little pension in addition to their government pay, let them enjoy it not only for their own sake but for the sake of their dependents. It must be remembered that the disabilities from which they suffer will be carried not by them alone, but by their children and their children's children unto the third and fourth generation.

I agree with the hon. member for Selkirk when he states that the budget is not the place to interfere with pensions. The Pension Act is to be amended at this session. If there is to be any change in pension rights that change should be made under the Pension Act. The preference given to these men is given under the Civil Service Act. If it is thought that too great a preference is given, if there are inequalities to be adjusted, they should be adjusted under that act.

The house divided on the amendment to the amendment (Mr. Lucas) which was negatived on the following division:

YEAS

Messrs:

Carmichael,
Coote,
Garland (Bow River),
Irvine,
Kennedy (Peace River),
Lucas,
Luchkovich,
MacInnis,
Macphail,
Mitchell,
Neill,
Speakman,
Spencer.—13.

NAYS

Messrs:

Anderson (Toronto-High Park),
Anderson (Halton),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Barrette,
Beaubien,
Belec,
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Bertrand,
Blair,
Bothwell,
Bouchard,
Boulanger,
Bourgeois,
Bowen,
Bowman,
Boyes,
Brasset,
Bury,
Cantley,
Cardin,
Casgrain,
Casselman,
Chaplin,
Charters,
Chevrier,
Cotnam,
Cowan (Long Lake),
Davies,
Denis,
Desrochers,
Dickie,
Donnelly,
Dorion,
Dubois,
Duff,
Dupré,
Dupuis,
Duranleau,
Edwards,
Elliott,
Embury,
Esling,
Fafard,
Ferland,
Fontaine,
Fortin,
Fournier,
Fraser (Cariboo),
Gagnon,
Garland (Carleton),
Geary,
Girouard,
Gobeil,
Golding,
Gordon,
Gott,
Goulet,
Gray,
Guthrie,
Hackett,
Hall,
Hanson (Skeena),
Hanson (York-Sunbury),
Hay,
Hepburn,
Howard,
Hurtubise,
Jean,
Johnstone,
Jones,
Kennedy (Winnipeg South Centre),
King, Mackenzie,
Lacroix,
Laflèche,
Lapointe,
Larue,
Laurin,
Lawson,
Lennox,
Macdougall,
Mackenzie (Vancouver Centre),
MacLaren,
MacLean,
MacMillan (Saskatoon),
MacNicol,
McDade,
McGillis,
McGregor,
McIntosh,
McKenzie (Assiniboia),
McLure,
McPhee,
Maloney,
Manion,
Mercier (Laurier-Outremont),
Moore (Chateauguay-Huntingdon),
Morand,
Motherwell,
Munn,
Murphy,
Myers,
Nicholson,
Parent,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Pouliot,
Price,
Quinn,
Ralston,
Raymond,
Rhéaume,
Rhodes,
Roberge,
Robinson,
Rogers,
Ross,
Rowe,
Rutherford,
Ryckman,
Ryerson,
St-Père,
Sauvé,
Séguin,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spence,
Spotton,
Sproule,
Stanley,
Stevens,
Stewart (Edmonton West),
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Sullivan,
Sutherland,
Swanston,
Taylor,
Tétreault,
Thauvette,
Thompson (Simcoe East),
Thompson (Lanark),
Totzke,
Tummon,
Turnbull,
Vallance,
Veniot,
Verville,
Weese,
Weir (Melfort),
White (London),
White (Mount Royal),
Wilson,
Wright
Young.—171.

PAIRS

Messrs:

(The list of pairs is furnished by the chief whips.)

Ernst,
Macdonald (Kings),
Heaps,
Gardiner,

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted against the amendment to the amendment.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted against the amendment to the amendment.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted I would have voted against the amendment to the amendment.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted I would have voted against the amendment to the amendment.

Mr. DUGUAY (Trans.): I was paired with the hon. member for Bagot (Mr. Dumaine). Had I voted I would have voted against the amendment to the amendment.

The house divided on the amendment (Mr. Ralston), which was negatived on the following division:

YEAS

Messrs:

Beaubien,
Bertrand,
Blair,
Bothwell,
Bouchard,
Boulanger,
Brasset,
Cardin,
Casgrain,
Chevrier,
Denis,
Desrochers,
Donnelly,
Dubois,
Duff,
Dupuis,
Elliott,
Fafard,
Ferland,
Fiset, Sir Eugène,
Fontaine,
Fournier,
Gershaw,
Girouard,
Golding,
Goulet,
Hall,
Hanson (Skeena),
Hepburn,
Howard,
Hurtubise,
Jean,
King, Mackenzie,
Lacroix,
Lapointe,
Mackenzie (Vancouver Centre),
MacLean,
McIntosh,
McKenzie (Assiniboia),
McPhee,
Mercier (Laurier-Outremont),
Motherwell,
Munn,
Neill,
Parent,
Pouliot,
Ralston,
Raymond,
Reid,
Rhéaume,
Roberge,
Rutherford,
St-Père,
Séguin,
Stewart (Edmonton West),
Taylor,
Thauvette,
Totzke,
Vallance,
Veniot,
Verville,
Weir (Macdonald),
Young.—63.

NAYS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Barrette,
Belec,
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Bourgeois,
Bowen,
Bowman,
Boyes,
Bury,
Cantley,
Carmichael,
Casselman,
Chaplin,
Charters,
Coote,
Cotnam,
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Dupré,
Duranleau,
Edwards,
Embury,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Garland (Bow River),
Garland (Carleton),
Geary,
Gobeil,
Gordon,
Gott,
Guthrie,
Hanson (York-Sunbury),
Hay,
Irvine,
Johnstone,
Jones,
Kennedy (Peace River),
Kennedy (Winnipeg South Centre),
Laflèche,
Larue,
Laurin,
Lennox,
Lucas,
Luchkovich,
Macdougall,
MacInnis,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
Macphail, Miss,
McDade,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Mitchell,
Moore (Chateauguay-Huntingdon),
Morand,
Murphy,
Myers,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rhodes,
Robinson,
Rogers,
Ross,
Rowe,
Ryckman,
Ryerson,
Sauvé,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Speakman,
Spencer,
Spotton,
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sullivan,
Sutherland,
Swanston,
Tétreault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Turnbull,
Weese,
Weir (Melfort),
White (London),
White (Mount Royal),
Wilson,
Wright.—119.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),
Beaubier,
Bell (Hamilton),
Beynon,
Black (Halifax),
Burns,
Cahan,
Cowan (Port Arthur),
Duguay,
Ernst,
Factor,
Ahearn,
Mercier (St. Henri),
Euler,
Dubuc,
Butcher,
Rinfret,
Ilsley,
Dumaine,
Heaps,

Ganong,
Hackett,
Harris,
LaVergne,
Lawson,
MacDonald (Cape Breton),
Macdonald (Kings),
McGibbon,
Matthews,
Mullins,
Nicholson,
Perley, Sir George,
Senn,
Short,
Smoke,
Spence,
Stevens,
Willis,
Hanbury,
Perras,
Jacobs,
Deslauriers,
Gray,
Urquhart,
Gardiner,
Power,
Moore (Ontario),
Howden,
Bradette,
Marcil,
Sanderson,
Heenan,
Cayley,
Fraser (Northumberland),
Malcolm,
Brown.

Mr. SENN: I was paired with the hon. member for South Perth (Mr. Sanderson). Had I voted I would have voted against the amendment.

Mr. SPENCE: I was paired with the hon. member for Northumberland, Ont. (Mr. Fraser). Had I voted I would have voted against the amendment.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted I would have voted against the amendment.

Mr. MURPHY: I was paired with the hon. member for West Edmonton (Mr. Stewart). Had I voted I would have voted against the amendment.

Mr. HACKETT: I was paired with the hon. member for Wright (Mr. Perras). Had I voted I would have voted against the amendment.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted I would have voted against the amendment.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted against the amendment.

The house divided on the main motion (Mr. Rhodes) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park),
Arsenault,
Arthurs,
Baker,
Barber,
Baribeau,
Barrette,
Belec,
Bell (St. Antoine),
Bell (St. John-Albert),
Bennett,
Bourgeois,
Bowen,
Bowman,
Boyes,
Bury,
Cantley,
Carmichael,
Casselman,
Chaplin,
Charters,
Cotnam,
Cowan (Long Lake),
Davies,
Dickie,
Dorion,
Dupré,
Duranleau,
Edwards,
Embury,
Esling,
Fortin,
Fraser (Cariboo),
Gagnon,
Garland (Carleton),
Geary,
Gobeil,
Gordon,
Gott,
Guthrie,
Hanson (York-Sunbury),
Hay,
Johnstone,
Jones,
Kennedy (Winnipeg South Centre),
Laflèche,
Larue,
Laurin,
Lennox,
Macdougall,
MacLaren,
MacMillan (Saskatoon),
MacNicol,
McDade,
McGillis,
McGregor,
McLure,
Maloney,
Manion,
Moore (Chateauguay-Huntingdon),
Morand,
Myers,
Peck,
Perley (Qu'Appelle),
Pettit,
Pickel,
Plunkett,
Porteous,
Price,
Quinn,
Rhodes,
Robinson,
Rogers,
Ross,
Rowe,
Ryckman,
Ryerson,
Sauvé,
Shaver,
Simpson (Simcoe North),
Simpson (Algoma West),
Smith (Victoria-Carleton),
Smith (Cumberland),
Spankie,
Spotton,
Sproule,
Stanley,
Stewart (Leeds),
Stewart (Lethbridge),
Stinson,
Stirling,
Stitt (Nelson),
Stitt (Selkirk),
Sullivan,
Sutherland,
Swanston,
Tétreault,
Thompson (Simcoe East),
Thompson (Lanark),
Tummon,
Turnbull,
Weese,
Weir (Melfort),
White (London),
White (Mount Royal),
Wilson,
Wright.—107.

NAYS

Messrs:

Beaubien,
Bertrand,
Blair,
Bothwell,
Bouchard,
Boulanger,
Brasset,
Cardin,
Casgrain,
Chevrier,
Coote,
Denis,
Desrochers,
Donnelly,
Dubois,
Duff,
Dupuis,
Elliott,
Fafard,
Ferland,
Fiset, Sir Eugène,
Fontaine,
Fournier,
Garland (Bow River),
Gershaw,
Girouard,
Golding,
Goulet,
Hall,
Hanson (Skeena),
Hepburn,
Howard,
Hurtubise,
Irvine,
Jean,
Kennedy (Peace River),
King, Mackenzie,
Lacroix,
Lapointe,

Lucas,	Ralston,
Luchkovich,	Raymond,
MacInnis,	Reid,
Mackenzie (Vancouver Centre),	Rhéaume,
MacLean,	Roberge,
Macphail, Miss,	Rutherford,
McIntosh,	St-Père,
McKenzie (Assiniboia),	Séguin,
McPhee,	Speakman,
Mercier (Laurier-Outremont),	Spencer,
Mitchell,	Taylor,
Motherwell,	Thauvette,
Munn,	Totzke,
Neill,	Veniot,
Parent,	Verville,
Pouliot,	Weir (Macdonald),
	Young.—72.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),	Factor,
Beaubier,	Ahearn,
Bell (Hamilton),	Mercier (St. Henri),
Beynon,	Euler,
Black (Halifax),	Dubuc,
Burns,	Butcher,
Cahan,	Rinfret,
Cowan (Port Arthur),	Ilsley,
Duguay,	Dumaine,
Ernst,	Heaps,
Ganong,	Hanbury,
Hackett,	Perras,
Harris,	Jacobs,
LaVergne,	Deslauriers,
Lawson,	Gray,
Loucks,	Vallance,
MacDonald (Cape Breton),	Urquhart,
Macdonald (Kings),	Gardiner,
McGibbon,	Power,
Matthews,	Moore (Ontario),
Mullins,	Howden,
Murphy,	Stewart (Edmonton),
Nicholson,	Bradette,
Perley, Sir George,	Marcil,
Senn,	Sanderson,
Short,	Heenan,
Smoke,	Cayley,
Spence,	Fraser (Northumberland),
Stevens,	Malcolm,
Willis,	Brown.

Mr. HARRIS: I was paired with the hon. member for Cartier (Mr. Jacobs). Had I voted I would have voted for the motion.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted for the motion.

Mr. SHORT: I was paired with the hon. member for Kenora-Rainy River (Mr. Heenan). Had I voted, I would have voted for the motion.

[Mr. Smoke.]

Mr. SPENCE: I was paired with the hon. member for Northumberland, Ontario (Mr. Fraser). Had I voted, I would have voted for the motion.

Mr. MULLINS: I was paired with the hon. member for St. Boniface (Mr. Howden). Had I voted, I would have voted for the motion.

Mr. MERCIER (St. Henri): I was paired with the hon. member for West Hamilton (Mr. Bell). Had I voted, I would have voted against the subamendment, for the amendment, and against the main motion.

Mr. BROWN: I was paired with the hon. member for Souris (Mr. Willis). Had I voted, I would have voted against the subamendment, for the amendment, and against the main motion.

Mr. HACKETT: I was paired with the hon. member for Wright (Mr. Perras). Had I voted, I would have voted for the motion.

Mr. STEVENS: I was paired with the hon. member for North Bruce (Mr. Malcolm). Had I voted, I would have voted for the motion.

Mr. VALLANCE: I was paired with the hon. member for Rosetown (Mr. Loucks). Had I voted, I would have voted against the motion.

Mr. NICHOLSON: I was paired with the hon. member for North Timiskaming (Mr. Bradette). Had I voted, I would have voted for the motion.

Mr. POWER: I was paired with the hon. member for Muskoka-Ontario (Mr. McGibbon). Had I voted, I would have voted against the motion.

Mr. BUTCHER: I was paired with the hon. member for Portage la Prairie (Mr. Burns). Had I voted, I would have voted against the motion.

Mr. DUGUAY (Trans.): I was paired with the hon. member for Bagot (Mr. Dumaine). Had I voted I would have voted for the motion.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. Hanson (York-Sunbury) in the chair.

Progress reported.

On motion of Mr. Bennett the house adjourned at 11.25 p.m.

Wednesday, April 12, 1933

The house met at three o'clock.

ROYAL ASSENT

Mr. SPEAKER: I have the honour to inform the house that I have received the following letter:

Ottawa, April 12, 1933.

Sir,—

I have the honour to inform you that the Right Hon. Lyman P. Duff, Chief Justice of Canada, acting as deputy of His Excellency the Governor General, will proceed to the Senate Chamber to-day at 5.00 p.m., for the purpose of giving the Royal Assent to certain bills.

I have the honour to be, sir,

Your obedient servant,

James F. Crowdy,

Assistant Secretary to the Governor General.

PRIVATE BILL

FIRST AND SECOND READINGS—SENATE BILL

Bill No. 75, for the relief of Olga Shidlowskaya Lowrey.—Mr. Simpson (Algoma).

RAILWAYS AND SHIPPING

First report of the select standing committee on railways and shipping.—Mr. Hanson (York-Sunbury).

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INTERNATIONAL RADIO—TELEGRAPH CONFERENCE

Mr. DUFF:

1. What was the total cost of the Canadian representation at Madrid, Spain, in connection with the International Radio-Telegraph conference?

2. What was the amount of the minister's expenses?

3. What was the amount of the expenses of each of the other members of the delegation?

Mr. DURANLEAU:

1. $21,621.62.

2. $4,690.

3. Col. W. A. Steel, $4,407.49; W. L. Laurie, $2,109.15; J. W. Bain, $1,979.70; D. Manson, $2,920.19; J. Desy, $2,008.30; J. L. K. Laflamme, $2,375.

ROYAL CANADIAN MOUNTED POLICE—HAZELTON, B.C.

Mr. HANSON (Skeena):

1. What was the total cost of maintaining the Royal Canadian Mounted Police at Hazelton, British Columbia, for the year 1932?

2. What is the name of each of the four men who were stationed there, what salary and other remuneration did they receive in each instance, and what were their duties?

3. What did it cost the Dominion government, in 1928, for maintaining the dominion police office in the town of Hazelton, what salary and other remuneration did they receive, and what were their duties?

4. If any increases, what was the reason for same?

Mr. GUTHRIE:

1. $6,918.58.

2. Corporal L. S. Kingston, $1,532.25; Constable A. F. Unia, $977.40; Constable D. A. Dunlop, $966.60; Constable J. P. Hartnett, $398.50. Their duties are principally connected with the supervision of Indians and the enforcement of the Indian Act.

3. The detachment at Telkwa, British Columbia, was closed and Hazelton detachment opened on December 26, 1928, at the request of the Department of Indian Affairs.

Salaries, etc., for 1928:—

Corporal M. T. Berger.	$15 00
Constable Pritchard..	12 60
	$27 60

Their duties were chiefly connected with the enforcement of the Indian Act.

4. The increases in strength and consequent increase in expenditure is due to the long patrols necessary and a considerable number of night patrols to enforce the Indian Act.

RADIO STATION CHRC—QUEBEC

Mr. LAVERGNE:

1. Is station CHRC at Quebec state-owned or privately owned?

2. If the station is privately owned, who are the owners?

Mr. DURANLEAU:

1. Privately owned.

2. CHRC Limited, incorporated under dominion charter December 29, 1930, with head office at 42 Palace Hill, Quebec city.

FEDERAL LOANS TO SASKATCHEWAN—RELIEF

Mr. POWER:

1. What amounts were loaned or advanced by the Dominion government to (a) the government of the province of Saskatchewan to provide for relief in the drought area or areas; (b) the Saskatchewan relief commission to provide for relief in the drought area or areas; (c) any other province or commission to provide for relief in the drought area or areas?

2. Are all or any of these amounts to be considered as (a) advances to the province repayable by the province; (b) advances to individuals, farmers and others repayable by individuals; (c) advances to the Saskatchewan relief commission; (d) direct contributions?

3. What are the amounts, if any, which fall into each of the above mentioned categories?

4. Have repayments been made to the Dominion government of any such loans or advances, and to what extent?

5. What were the dates and numbers of orders in council authorizing such loans, advances or contributions?

6. What is the total amount disbursed, either by way of loan, advance or contribution by the Dominion government, in connection with relief in the so-called drought area or areas?

Mr. RHODES:

1 (a) and (b) $10,250,000, for direct relief administered through Saskatchewan relief commission; $6,000,000 for seed grain loans; (c) $740,000.

2 and 3. (a) $6,000,000 seed grain loans, Saskatchewan; $600,000 seed grain loans, Manitoba; $140,000 seed grain loans, Alberta; $250,000 approximate balance advanced to Saskatchewan in excess of dominion's contribution for relief in drought areas (1931-32); (b) so far as dominion is concerned, none; (c) none; (d) $10,000,000 (figure subject to minor adjustments).

4. Repayments on account of seed grain loans: Saskatchewan, $410,000; Manitoba, $230,000. Advances to Saskatchewan for direct relief administered by Saskatchewan relief commission, have been reduced by cash refunds of $10,016 and credits in respect to dominion's contribution of $9,989,984.

5. Loans and advances to Saskatchewan are detailed in the answer printed on page 3860 of Hansard of April 10, 1933.

Manitoba (seed grain), P.C. 973—April 28, 1932; Alberta (seed grain), P.C. 975—April 28, 1932.

6. Direct relief in drought areas is segregated only in the case of the area in Saskatchewan covered by special agreement for the year 1931-32. Subject to the foregoing, $16,990,000 has been the total of all disbursements.

PURCHASE OF LETTER BOXES—AMEDEE LESIEUR

Mr. POULIOT:

1. How many combination letter boxes were purchased by the Post Office Department from Mr. Amédée Lesieur, of Montreal, since August, 1930, and what was the price of each one?

[Mr. Power.]

2. Was such transaction approved by order in council?

3. If so, what is the number and date of same?

4. If not, who approved it?

5. How many of those boxes are used now, and since when?

Mr. SAUVE:

1. 50 at $46.25 each.

2. No.

3. Answered by No. 2.

4. Postmaster General.

5. 50—December, 1931.

MAIL SORTER—GILBERT VIAU

Mr. POULIOT:

What is the age of Gilbert Viau, final sorter into lock boxes, city delivery branch, Montreal post office?

Mr. SAUVE: 50 years of age on 21st December, 1932.

NORMANDIN, QUE., RURAL MAIL CARRIER

Mr. POULIOT:

What are the names and addresses of the persons acting as sureties for Mr. Onesime Boudreault, who holds the contract for rural mail delivery at Normandin, lake St. John?

Mr. SAUVE: Origène Hamel, Normandin, P.Q.; Wilfrid Hamel, Normandin, P.Q.

FEDERAL LOANS TO SASKATCHEWAN—SEED GRAIN

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government by way of loans to the government of the province of Saskatchewan for farmers for seeding operations, including purchase of seed grain (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1, 2 and 3. Included in answer made April 10, 1933; see page 3860, Hansard.

FEDERAL LOANS TO SASKATCHEWAN—RELIEF

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government to the government of the province of Saskatchewan to provide funds for payment of direct relief in province and municipalities (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1, 2 and 3. Included in answer made April 10, 1933; page 3860, Hansard.

FEDERAL LOANS TO ALBERTA—RELIEF

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government to the government of the province of Alberta to provide funds for payment of direct relief in province and municipalities (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1, 2 and 3

Included in answer made April 10, 1933; page 3858, Hansard.

FEDERAL LOANS TO BRITISH COLUMBIA—RELIEF

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government to the government of the province of British Columbia to provide funds for payment of direct relief in province and municipalities (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1, 2 and 3.

Included in answer made April 10, 1933; page 3859, Hansard.

FEDERAL LOANS TO MANITOBA—RELIEF

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government to the government of the province of Manitoba to provide funds for payment of direct relief in province and municipalities (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

53719—250½

Mr. RHODES:

1, 2 and 3.

Included in answer made April 10, 1933; page 3859, Hansard.

FEDERAL LOANS TO ALBERTA—SEED GRAIN

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government by way of loans to the government of the province of Alberta for farmers for seeding operations, including purchase of seed grain (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1, 2 and 3.

Included in answer to question No. 8, orders of the day, April 12, 1933.

FEDERAL LOANS TO MANITOBA—SEED GRAIN

Mr. POWER:

1. What amounts were advanced or loaned by the Dominion government by way of loans to the government of the province of Manitoba for farmers for seeding operations, including purchase of seed grain (a) during the year 1931; (b) during the year 1932?

2. What were the dates and numbers of orders in council authorizing the said advances or loans, and amount covered by each such order in council?

3. How much has been repaid on said advances or loans?

Mr. RHODES:

1, 2 and 3.

Included in answer to question No. 8, orders of the day, April 12, 1933.

BOARD OF GRAIN COMMISSIONERS—SOLICITOR

Mr. BROWN:

1. Has a solicitor been appointed for the Board of Grain Commissioners?

2. If so, who is the appointee?

3. On whose recommendation was he appointed?

4. What salary does he receive?

Mr. STEVENS:

1. Yes, temporarily.

2. E. L. Taylor.

3. Upon the recommendation of the Board of Grain Commissioners and appointed by the Civil Service Commission.

4. $5,000 per annum less 10 per cent.

QUESTIONS PASSED AS ORDERS FOR RETURNS

CACOUNA WHARF

Mr. POULIOT:

Who sold the lumber, paint and the other materials used in connection with repairs to the wharf at Cacouna in 1932, and what amount was paid to each person selling such supplies?

Mr. STEWART (Leeds): Return tabled forthwith.

CACOUNA WHARF

Mr. POULIOT:

What are the names of the men who were employed in connection with repair work done to the wharf at Cacouna in 1932, what was the total sum paid to each man and the number of hours worked by each man so employed?

Mr. STEWART (Leeds): Return tabled forthwith.

VACANCIES IN TRANSLATION SERVICES

Mr. CHEVRIER:

1. How many vacancies have been created in each of the following departments or branches of government in respect of translation services (a) Interior; (b) Finance; (c) Marine; (d) Board of Railway Commissioners; (e) Civil Service Commission, since September 1, 1930?

2. How many translators have been released or let out of the service at Ottawa by reason of (a) death; (b) dismissal; (c) resignation; (d) superannuation; (e) abolition of position; (f) any other reason, since September 1, 1930?

3. What was the classification and salary of such translators in the above departments or branches of government at the time of being let out or released from the service?

4. Upon whose recommendation, when recommendation was necessary, were the said translators released or let out of the service?

5. How many vacancies created by such releases, etc., of translators (separately) in said departments or branches of government, have been filled since September 1, 1930?

MOTIONS FOR PAPERS

FINANCIAL ASSISTANCE TO CALGARY AND EDMONTON

Mr. POWER:

For a copy of order in council P.C. 1543 of July 6, 1932, providing for financial assistance to the extent of $500,000 of which $250,000 was to the city of Edmonton and $250,000 to the city of Calgary.

Mr. POWER: Dropped.

PAYMENT OF PENSIONS

Mr. LUCAS:

For a return showing a list of the names of all persons receiving a pension payable out of the consolidated funds voted annually by the parliament of Canada; also showing (a) the date when the pension was granted; (b) the date from which the pension became effective; (c) the nature of the services for which the pension was granted; (d) the annual amount payable in each case; (e) if a disability pension, the percentage of disability. Also a statement showing the total amount payable annually on the different classes of pensions paid by the government of Canada, and the number of persons in each category receiving a pension.

Mr. BENNETT: That might stand.

WARDEN OF COLLINS BAY PENITENTIARY

Mr. SANDERSON:

For a copy of all correspondence, telegrams, recommendations, reports, memoranda and other documents on the files of the Minister of Justice, the Solicitor General and of the Civil Service Commission in respect to the appointment of R. M. Allen to the position of warden of Collins Bay penitentiary.

Mr. BENNETT: Mr. Speaker, I think a motion in that form should hardly be passed, because there are memoranda placed on file that are not subject to production by order of the house. There is no difficulty about the motion if it is understood that it does not cover documents that are not produceable under such an order. Sometimes memoranda are made on documents for confidential purposes, and should not be brought down in the house; but subject to that there is no objection.

Mr. SPEAKER: Carried with that reservation.

DIGBY, N.S.—POSTMASTER

Mr. RALSTON:

For a copy of all letters, telegrams, reports, applications, recommendations, results of examinations and other papers and documents, relating to the pending appointment of a postmaster at Digby, Nova Scotia.

Mr. SPEAKER: With that reservation shall the motion carry?

Motion agreed to.

BOARD OF GRAIN COMMISSIONERS—SOLICITOR

Mr. J. L. BROWN (Lisgar) moved:

For a copy of all correspondence passing between the Minister of Trade and Commerce or any officers of his department, or any other minister or departmental officials and the Civil Service Commission with reference to the appointment of a solicitor for the board of grain commissioners.

Mr. BENNETT: Would the hon. member fix a date? As the motion stands now it would mean since the establishment of the board.

Mr. BROWN: Since 1930.

Mr. SPEAKER: Shall the resolution carry, with the addition of the words "since 1930"?

Motion agreed to.

SOLDIERS' PENSIONS

On the orders of the day:

Mr. E. R. E. CHEVRIER (Ottawa): On March 24 I asked the Minister of Finance (Mr. Rhodes) a question with regard to the attitude of the government respecting soldiers' pensions. The answer given by the minister, as it appears at page 3354 of Hansard, was as follows:

> That conference is to be renewed, and at its conclusion an announcement of a specific character will be made to the house which will embrace also an answer to my hon. friend the senior member for Ottawa (Mr. Chevrier).

May I ask the hon. gentleman now whether that further conference has been held and, if so, whether he is prepared to answer the question I asked at that time?

Hon. E. N. RHODES (Minister of Finance): The conferences have not been concluded, and therefore I will not be in a position to give an answer to the question until after the Easter recess.

Hon. J. L. RALSTON (Shelburne-Yarmouth): I suppose that answer applies also to the announcement of a specific character to which reference was made in the minister's statement.

Mr. RHODES: Certainly.

INQUIRY FOR RETURN

On the orders of the day:

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): On February 8 the following order was passed by the house:

> For a copy of all correspondence, letters, telegrams, petitions, reports, plans and other documents, in the possession of the government, respecting the post office at Missanabie, Ontario, since the month of August, 1930.

Since then I have been in correspondence with the private secretary to the Postmaster General (Mr. Sauvé), to whom I wrote on March 8, March 11, and other occasions. On March 15 his answer, translated, was: "Referring to your letters of March 8 and March 11 I should like to tell you that the answer you ask is not within my jurisdiction. Accordingly I would ask you to communicate directly with the minister." I telephoned on March 16 and was told to see the minister. May I ask the minister now if the file which has been tabled is complete and, if not, why it is not complete.

Hon. ARTHUR SAUVE (Postmaster General): I have nothing to say to-day.

Mr. POULIOT: I rise to a question of privilege. I have asked for a file and the minister refuses to produce it.

Mr. SPEAKER: There is no question of privilege involved. The minister says he cannot reply to-day, and the hon. member must be content with that.

Hon. ERNEST LAPOINTE (Quebec East): I rise to a question of privilege, Mr. Speaker. The hon. member for Temiscouata (Mr. Pouliot) has raised a question which affects the privileges of every member of this house. An order of the house has issued for the production of certain papers. Apparently part of the correspondence has not been tabled, and the hon. member for Temiscouata has proof of that. I have seen the file myself, and certainly the Postmaster General (Mr. Sauvé) is not acting according to parliamentary usage when he says he is not ready to answer to-day. If the file is not complete surely the hon. member has a right to ask the minister to table those papers.

Right Hon. R. B. BENNETT (Prime Minister): I am rather surprised at the hon. gentleman. Without giving notice a member of the house directs attention to the condition of a file. Obviously the minister should have an opportunity to ascertain just what has been said in order to find out whether or not the statements are founded upon fact, and the minister said he could not answer to-day. What other answer could he make? He might have said, "I shall treat this as a notice and deal with the matter to-morrow" but he said, "I am not able to deal with it to-day." I trust the hon. gentleman has not taken umbrage at the way the observation was made; the minister merely said, when confronted with a statement by an hon. member without having any opportunity to verify it, that he was not in a position to give an answer to-day. The minister said to me over my shoulder that he wanted time to look into the matter and ascertain the facts.

Mr. LAPOINTE: The right hon. gentleman says he is surprised at me. Well, Mr. Speaker, I am surprised at him. The Post-

master General was requested by the hon. member for Temiscouata to table those papers, and he had his secretary answer the hon. member. I do not think that is acting in accordance with the usages of the house.

Mr. POULIOT: And it is not courteous.

Mr. SAUVE: I repeat, Mr. Speaker, that I cannot say more to-day. I know the rule.

ASSISTANCE TO PROVINCES

On the orders of the day:

Mr. W. G. WEIR (Macdonald): On March 20, I asked the right hon. Prime Minister (Mr. Bennett) if letters had been received from the western provinces with regard to their financial position. The answer was that some letters had been received and that further answers were expected shortly, and the right hon. gentleman said he would be prepared to lay those answers on the table when they were received. I should like to ask now if those replies have been received and, if so, whether they will be tabled before the Easter recess.

Right Hon. R. B. BENNETT (Prime Minister): Replies have not been received from all, but the premier of the province from which my hon. friend comes asked if the papers might be laid on the table of the legislature, and I sent him a telegram saying that might be done. The other provinces have not yet been heard from, and the papers will not be brought down until those replies have been received.

DREDGING—DETROIT RIVER

On the orders of the day:

Mr. ECCLES J. GOTT (South Essex): On Thursday, March 16,—and I am surprised that this has not been settled also—I directed a question to the government regarding a matter of urgent concern to the community in which I live. I sought to explain that huge blasts were being discharged in connection with the construction of a channel in the Detroit river causing very extensive damage to property in that community. I should like the government to see that the company is instructed to discharge smaller blasts in their work. I refer the government to page 3050 of Hansard for this session. Since this is a government of action I think we ought to have some action in this regard.

Hon. H. A. STEWART (Minister of Public Works): Mr. Speaker, after having listened to the blast of my hon. friend I shall look into the matter further, but let me say that this is a matter for the Department of External Affairs rather than the Department of Public Works.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker—

Some hon. MEMBERS: Oh, oh.

Some hon. MEMBERS: Hear, hear.

Mr. BENNETT: I rarely receive such manifestations of approval from hon. gentlemen opposite, and I must say it is highly gratifying. The circumstances in connection with the matter are these: The deepening of the channel is proceeding, and in order to blast out the rocks from the bottom of the river charges of explosives are being used. If any injury happens, those who cause it are amply responsible for such damage as may be done. In the agreement made with the two countries under which the stream is being deepened, there is provision that the work will be properly carried on, and if damage results from operations the companies carrying them on are well able to discharge any obligations that may arise out of the conduct of their business. I have no reason to believe that they have endeavoured to escape their responsibility, but in view of what the hon. member for South Essex (Mr. Gott) has now said, further inquiries will be made at once.

Mr. GOTT: I sought to make an explanation before. I want to explain—

Some hon. MEMBERS: Order.

Mr. SPEAKER: Order.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Friday, April 7, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes.—Mr. Manion.—Mr. Sullivan in the chair.

On section 2.—His Majesty bound.

Mr. MACKENZIE (Vancouver): When the bill was last under consideration there was before the committee an amendment moved by the hon. member for West Lambton (Mr. Gray) that there should be added to section 2 another subsection, (d). Certain questions were raised in the discussion and some observations were made both by the Minister of Railways and by the Prime Minister. The minister contended on that occasion

that under this bill the trustees to be appointed were to be subject to the Board of Railway Commissioners. He held that there were in this bill the same powers as contained in the Canadian National Railways Act of 1920, while we on this side maintained that this was not so. In the legislation of 1920, with respect to the abandonment of branch lines, the Canadian National Railways were subject in the first instance to the Board of Railway Commissioners and they were also subject to the approval of the Governor General in Council, and we pointed out that under this bill these two safeguards were being removed. We contended that the trustees were no longer subject to the Governor General in Council or to this parliament, if this bill went through in its present form, and the minister endeavoured to prove the opposite. Has he anything to add this afternoon with regard to the construction of the legislation?

Hon. R. J. MANION (Minister of Railways): Naturally I have made further inquiries and they have merely strengthened the position I took when the bill was under consideration before. After a thorough study of the question and consultation with the legal branch of the department as well as with an outstanding legal gentleman not connected with the department, I am strengthened in the opinion I expressed on that occasion, namely, that so far at least as part I is concerned the trustees are in exactly the same position as the directors, and the insertion of this amendment would therefore make no difference with respect to part I. Under section 9, subsection 2, the trustees are given the same powers and are restricted in the same manner as the directors. I will read the provision again, although I put it on Hansard on the former occasion:

> The trustees shall and may thereafter, subject to the provisions of this act, have and exercise all the powers, rights, privileges and immunities, and perform and be subject to all the duties, responsibilities and restrictions, which now appertain to the board of directors of the national company.

In reply to that, my hon. friend from Vancouver Centre and some other hon. members opposite pointed out that subsection 6 of section 9 conflicted with subsection 2 which I have just read. Subsection 6 reads:

> No order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies.

This applies only in so far as the governor in council acts as shareholder of the company. As pointed out by the Prime Minister, the governor in council has a dual capacity. On some occasions it acts as shareholder and on others as representative of the parliament of Canada; it is the executive of parliament and acts in that capacity, as will be seen by reference to section 151 of the Railway Act. I adhere therefore to the opinion that the incorporation of section 23 of the Canadian National Railway Act into this part of the bill now under consideration would have no effect on the trustees so far as part I is concerned, whereas it might interfere with the actions of the trustees in cooperating with the Canadian Pacific Railway. So that it would be unnecessary for part I to include that section, while it would perhaps be harmful so far as parts II and III are concerned.

The Canadian Pacific Railway can to-day abandon lines without appearing before the Board of Railway Commissioners at all, but the Canadian National Railways are not in the same position; they cannot abandon branch lines without appearing before the board, even under this section. I maintain therefore that this amendment is unnecessary and indeed might be harmful.

Mr. MACKENZIE (Vancouver): Does the minister contend now that the board of trustees must have the authority of the governor in council before there can be abandonment of branch lines?

Mr. MANION: Of the Board of Railway Commissioners. Yes, so far as the Canadian National Railways are concerned, even under this bill. That is my contention.

Mr. VALLANCE: Under this bill, then, the Canadian Pacific Railway will no longer be able to abandon lines.

Mr. MANION: Under this bill the Canadian Pacific Railway will be in exactly the same position as it was before. To-day it can abandon lines without reference to the Board of Railway Commissioners at all, but the Canadian National cannot. In other words, the Canadian National has been throughout, from that point of view, at an advantage or a disadvantage, just as you wish to take it. At any rate, the Canadian National could not abandon a line without submission to the Board of Railway Commissioners of Canada whereas the Canadian Pacific could and will still be able to.

Mr. VALLANCE: In making an application for a branch line, has the Canadian Pacific to meet the same conditions in getting a charter as the Canadian National? That is, must the charter be subject to the approval of the railway commission?

Mr. MANION: The charter is not obtained from the board, it is granted by this house. The Canadian Pacific and the Canadian National both have to come before a committee of this house in order to obtain a charter, and both companies will be in the same position in the future as they have been in the past. It will be perhaps a little more difficult for them to obtain charters as I think the committee will agree that charters have been granted a little too freely in the past.

Mr. VALLANCE: Do I understand the minister aright? I understand him to say that all charters are granted by this house and that the railway commission would have the right to nullify such charters. The commission may grant to the Canadian National the right to discontinue a branch line but the Canadian Pacific may take this action without appearing before the commission.

Mr. MANION: That has been the law throughout.

Mr. McINTOSH: May I ask the minister just what action has been necessary by the Canadian National in the past in regard to the abandoning of branch lines?

Mr. MANION: There is no doubt that branch lines have been abandoned but I could not name any particular instance at the moment.

Mr. MOTHERWELL: There was a line at Jasper.

Mr. McINTOSH: Not to any great degree?

Mr. MANION: That is quite right.

Mr. REID: Supposing a proposal was made by one company to the other in regard to the abandonment of a line. If they could not agree a tribunal would be set up. Would it be possible for that tribunal to give a decision as to the abandonment of a line without the company appearing before the Board of Railway Commissioners and the governor in council?

Mr. MANION: One of the clauses of the bill provides that if a tribunal is set up in connection with a matter which, but for the provisions of this act, would require the approval of the Board of Railway Commissioners, no order of a tribunal shall be operative without the assent and concurrence of the chairman, who is also the chairman of the Board of Railway Commissioners.

Sir EUGENE FISET: But not the board?

Mr. MANION: No, not the board. He is the chairman of the Board of Railway Commissioners, and in a sense the two bodies are in a similar position. I should like to elaborate upon a point to which I referred a moment ago. Under this legislation it is provided that if one company should decide to build a branch line and the other company took the attitude that such a line was not necessary, that its construction would be extravagant or wasteful due to the fact that the same service could be given by common running rights, this would be considered a proper matter for determination by a tribunal. The tribunal might come to the decision that the construction of the particular branch line would be extravagant and unnecessary as the same service could be given through common running rights.

Mr. VALLANCE: Will it still be necessary for either company to come to this house when applying for charters?

Mr. MANION: Yes, just the same as in the past.

Mr. VALLANCE: Then the tribunal could go contrary to this house which has granted the charter?

Mr. MANION: Yes, it could.

Mr. VALLANCE: The tribunal is to be supreme over parliament?

Mr. MANION: It is all a matter of economy. Might I suggest that it would have been better in the past if some such tribunal had been set up to restrain the useless duplication and extravagance which has taken place. I do not think anyone will deny that if such a tribunal had been set up there would have been no duplication of hotel facilities at Halifax or at Vancouver. The same thing would apply to the building of many branch lines as I have no doubt that in a number of instances the same territories could have been served by common running rights or joint operation.

Mr. HEENAN: I was rather alarmed at the statement made a few moments ago by the minister to the effect that the Canadian Pacific could abandon lines without the permission of the Board of Railway Commissioners. The railway employees have always been dependent upon section 179 of the Railway Act.

Mr. MANION: That section covers terminals and divisional points.

Mr. HEENAN: If you abandon any section of a line, surely you abandon a terminal. Section 179 reads:

> The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully complied with,—

That is to say, the municipalities and others are to have the right to appear before the Board of Railway Commissioners. The section continues:

—nor remove, close, or abandon any station, or divisional point nor create a new divisional point which would involve the removal of employees, without leave of the board;

I think the minister should develop this point a little further as I am rather alarmed at his statement.

Mr. MANION: If there is any cause for alarm, it has existed for all the years the Canadian Pacific railway has been in operation. I checked up this matter because I must confess that I was a little surprised to learn of it. The Canadian Pacific Railway has never had to apply to the railway commission in connection with the abandonment of branch lines. The section which my hon. friend just read refers to divisional points, and so far as employees can be protected in connection with divisional points, they are protected by the clause with which we are dealing. I think it was upon the suggestion of a labour representative in the Senate that this subsection (a) was included. It reads:

(a) that part of section one hundred and seventy-nine of the Railway Act which relates to compensation of employees for financial loss caused to them by removal, closing or abandonment of any railway station or divisional point;

The employees are still protected just as they have been in the past. Throughout the years the Canadian Pacific Railway have had the right to abandon lines if they so chose without submission to anyone, whereas the Canadian National has not.

Mr. HEENAN: As the minister knows, I am not a lawyer but I have a book here which I am able to read, as I learned to do that at one time. Section 179 reads:

The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully complied with.

The preceding section provides that the railway cannot make any deviation, change or alteration without submission to the board. It is alarming to me to find out that the Canadian Pacific Railway is not subject to this law the same as the Canadian National Railways.

Mr. GEARY: What is it my hon. friend is worrying about? Is it the abandonment of lines that is bothering him?

Mr. HEENAN: I am alarmed about the whole bill.

Mr. GEARY: I have no doubt the hon. gentleman is.

Mr. HEENAN: The minister has just made a statement that is new and alarming to me because he said that the Canadian Pacific could abandon branch lines—I think he used the words "branch lines"—

Mr. MANION: Any line.

Mr. HEENAN: —without first appearing before the Board of Railway Commissioners and getting leave, but that the Canadian National Railway could not do so; consequently our railway employees who secured the insertion of section 179 have been labouring under a misapprehension all these years.

Mr. GEARY: And it is to remain in force.

Mr. HEENAN: What is the use of its remaining in force if the company does not live up to it?

Mr. REID: To come back to my former point, do I understand the minister correctly that in all matters in which the railway companies will have powers under this legislation, when any dispute arises, the arbitral tribunal which is to be set up, will have power under the Railway Act and over that of the Board of Railway Commissioners?

Mr. MANION: The question of arbitral tribunals does not arise until we reach part III of the measure, and in a discussion of one clause I do not like to deal with the whole bill because it is a little difficult to deal with it in that way. Let me point out to my hon. friend that when a tribunal is set up, the chairman of the Board of Railway Commissioners is automatically chairman of that tribunal and as regards any matter which would ordinarily be referred to the railway board, he must assent in writing or no order of a tribunal will be operative. So that at any rate the chairman of the Board of Railway Commissioners, being also chairman of the arbitral tribunal, is in a position similar to that of chairman of the railway board if there is possibility of some public interest being interfered with. I do not know whether I have made myself clear, but I have tried to do so.

Mr. REID: With this difference: a matter may go before the Board of Railway Commissioners and it is possible for that board to give one decision and the chairman to give another when a matter comes before the tribunal.

Mr. MANION: If the arbitral tribunal makes one decision and the Board of Railway Commissioners makes another, the decision of the arbitral tribunal prevails.

Mr. MACKENZIE KING: Has the minister not got this the wrong way round? He makes the chairman of the arbitral tribunal decide first, and then the Board of Railway Commissioners, which is there to watch the larger public interest, gives a second decision. Should the Board of Railway Commissioners as a whole not be regarded as more important than its chairman?

Mr. MANION: I do not think my right hon. friend has seen the point I made. In a case where the arbitral tribunal have decided on a matter which ordinarily would go before the Board of Railway Commissioners, the chairman of the tribunal has to put in writing his agreement with the decision of the arbitral tribunal if the decision is to prevail and then the matter does not go before the railway board at all. But he, being by virtue of his position, also chairman of the railway board, is in a position to judge as to the public interest involved. There is no reason why he should give two decisions; he gives one.

Mr. MACKENZIE KING: Why should the matter not go before the Board of Railway Commissioners at the outset without troubling about the arbitral tribunal? If the Board of Railway Commissioners are going to decide the public interest part of the matter, should they not have the first say?

Mr. BENNETT: These are matters that do not in the very nature of things come within the ordinary statutory jurisdiction of the Board of Railway Commissioners, otherwise it would not be necessary to set up the arbitral tribunal which, of course, has no reference to the matter under consideration. An arbitral tribunal might not be set up during the whole ten years or more, let us say, of the operations of this measure. An arbitral tribunal comes into being only when there is a direct and specific matter to be considered which remains unsettled after negotiation between the heads of the railways. If they fail to agree, this tribunal comes into being, but not otherwise. There can be no setting up of an arbitral tribunal unless they have failed to agree.

Mr. MACKENZIE KING: But that raises the larger question why the Board of Railway Commissioners might not act as an arbitral tribunal instead of making all these special provisions for such a tribunal where in the end there will have to be an appeal to the railway board.

[Mr. Reid.]

Mr. BENNETT: With deference to the right hon. gentleman, not appeal to the Board of Railway Commissioners. The principle of the finding of the transportation commission is—and it seems to me it is sound—having regard to the extraordinary powers vested in the trustees and to the possibility of arranging matters so as to effect economy, and having regard to the possibility of difference of opinion between the heads of the two systems with respect not to matters over which the Board of Railway Commissioners has jurisdiction but to a matter within the purview of the present statute, there is to be set up this tribunal; because it was regarded as fairer to both the interested corporations, the Canadian National system and the Canadian Pacific system, that this specific dispute shall be settled, but that advantage should be taken of the knowledge and experience of the chairman of the Board of Railway Commissioners by his being made a member of the arbitral tribunal. That is, I understand, the theory on which the legislation was based.

Mr. MACKENZIE KING: But does this not all come down pretty much to a matter of designation? The chairman of the Board of Railway Commissioners is the important factor. In one case he is called president or chairman of the arbitral tribunal and in the other he is chairman of the Board of Railway Commissioners. Why have the arbitral tribunal at all if this one person is really to be the deciding factor? Why not say in this bill at once as in others: We will enlarge the scope of the jurisdiction of the Board of Railway Commissioners and it will deal with these matters, thus cutting out the part concerned with the arbitral tribunals.

Mr. MANION: The answer to that is that the Duff commission in its wisdom made a recommendation to the contrary. It believed this course to be wiser, and the Senate committee, which was composed of representatives of both parties, was practically unanimously in favour of it. Even in the final decision there were only two or three who expressed any dissent from the almost complete unanimity in regard to this method of dealing with disputes.

Mr. MACKENZIE KING: We are not the Duff commission; we are the House of Commons, a part of parliament. The fact that the Duff commission makes a recommendation of which the minister cannot show the virtue, does not help the situation in any way. The minister has not made out any case for these arbitral tribunals.

Mr. MANION: I have not been attempting to make out a case for the arbitral tribunals because they do not arise until we come to part III. We have been jumping all over the map; we have been dealing with clause 2 and the committee has been passing from one end of the bill to the other. So far as the arbitral tribunals are concerned I can make out a good case for them on the past record of both railways. They have each spent huge amounts of money to the extent of tens, yes, scores of millions of dollars—and I am not saying it just for the sake of saying it—that might have been saved to both companies had there been such a body as an arbitral tribunal to which one or other could have appealed in order to prevent unnecessary duplication of one kind or another. Therefore I think the best case of all for arbitral tribunals is provided by the record of the past, the wastage that has taken place to the extent of perhaps $100,000,000 or even $150,000,000 so far as the Canadian National is concerned.

Mr. VALLANCE: Mention some of them.

Mr. MANION: I think I could mention at least $100,000,000 worth.

Mr. POWER: What are they?

Mr. MANION: Take as examples the Halifax hotel, the Vancouver hotel. They make up about $15,000,000 between them. Then there are the Montreal terminals, $50,000,000 and the acquisition of obsolete and well nigh useless lines, that had never paid their way and may never do so.

Mr. POWER: Does the minister think this bill will prevent such occurrences in the future?

Mr. MANION: Yes, an arbitral tribunal could prevent proposed extravagances and duplications, perhaps not the buying of lines. They certainly could have prevented the building of hotels, the Montreal terminals and the spending of $8,000,000 on those triangle tour steamships on the Pacific. Those four items alone amount to about $73,000,000. They certainly could have prevented tens of millions of dollars being spent on branch lines, many of which were a duplication of other branch lines already in existence. Speaking just from memory there are about eighty or ninety millions of dollars which they could have prevented from being spent. I am not saying that with a view to criticizing anybody, but rather to indicate that the arbitral tribunal provision is justified because the leader of the opposition suggests that a case has not been made out to justify such an arrangement.

Mr. MACKENZIE KING: My objection was not to having some body to which reference could be made for these purposes, but was to having an arbitral tribunal of which the chairman of the railway commission was to be the chairman, as distinct from the railway commission itself doing this work at the outset. While I do not admit for a moment that what the minister has said is correct, nevertheless if that were so, the argument would be equally strong if the railways had to go in the first instance before a commission already established rather than before some body constituted following this legislation.

Mr. MANION: May I say something to justify the establishment of an arbitral tribunal as a principle. Taking my hon. friend's own argument, the chairman of the arbitral tribunal has had, as chairman of the railway commission, a couple of years of actual experience which in my judgment should make him eminently satisfactory as a judge of general railway matters. He has that advantage. Secondly, the arbitral tribunal has this superiority over the railway commission, that it is presided over by the chairman of the railway commission and there are also on the tribunal a representative of each of the railway companies concerned. You have those three men on the tribunal and they will not sit as does the Board of Railway Commissioners merely as a judicial body, because of course the members of the railway commission are judges just as those presiding over the appeal court and the exchequer court, and they cannot be expected to go into the details of things as an arbitral tribunal could do. The chairman of the Board of Railway Commissioners, sitting as chairman of a tribunal, with the representatives of the two railway companies may sit down and have a round table conference over any railway matter at issue. I might say quite frankly that I have had the opinion expressed to me by the highest officials of both railway companies that that would be the greatest advantage of a tribunal, that they could meet at a round table conference rather than with the formality, or the fuss and feathers as one hon. member suggests, of a court. I believe myself in all sincerity that the arbitral tribunal as proposed is a type of tribunal superior to the Board of Railway Commissioners for that purpose. That is my own personal view, but after all it is a matter of opinion.

Mr. LAPOINTE: What about the tariff board? Why should not they do the same, have a round table conference?

Mr. MANION: I do not want to get off on to the tariff board at the present time because we have troubles enough with this bill.

Mr. VALLANCE: The chairman of the tribunal, who is also the chairman of the railway commission, is assisted by a representative of each of the railway companies on the tribunal, and the tribunal can come to no decision unless the chairman assents to it. He must be satisfied. Is not that right? So why not just enlarge the powers of the railway commission, because in the final analysis the chairman of the railway commission must be satisfied.

Mr. BENNETT: I take it that the committee is desirous of expediting this bill which we are now discussing. With respect to Part III, I would have a few observations that I think might be of some value to the committee when that stage is reached. I had thought that this was merely an incidental discussion, but I do think that if we are going to make any progress with the bill we should confine ourselves to the section before us. When Part III comes up to be considered it is not impossible that the house might make out a case that Part III should not be there at all. That is a matter that will have to be considered by the committee as a whole when the moment arises, but I do suggest that if we desire to make any progress we should deal with the sections as they come before us.

Mr. MACKENZIE KING: Would the Prime Minister be agreeable to the committee reverting to different sections and reopening the discussion on them if, in the light of further discussion of other parts of the bill, that is found advisable, because what we are discussing now is very vital in view of our interpretation of the bill? But of course the government may put another interpretation upon it.

Mr. BENNETT: I have always thought that it was a very proper course to pursue if, in the light of discussions taking place in committee, it is thought desirable to reconsider a particular section, that the house should at the conclusion of its discussion revert to it. As far as I am concerned, I have always followed that course, and I think it is a sound one. It would merely mean that in the light of further knowledge and greater wisdom we desired to reconsider a certain section. Certainly I think that should be so, and especially with a bill of this character. But I do feel that the ordinary rules of procedure should be adhered to, and that we should not discuss Part III when we are dealing with a section such as this.

[Mr. Lapointe.]

Mr. MACKENZIE KING: The reason possibly that more time is being taken in committee at the moment than might otherwise have been the case is that this bill did not go to the committee on railways and canals or to a special committee as it should have done. Might I say to the Prime Minister that some suggestion has been made that other bills which have been before committees of another house might not go to committees of this house? I think that we in this house ought to maintain strictly the privileges of our own house and that when we wish to be enlightened with respect to a particular measure it should go before a committee of the House of Commons. This bill should certainly have gone before a select standing or special committee of this house, and then we would have come here in a position to run through the sections understanding their whole significance. But inasmuch as the Prime Minister himself stated that this bill would have to be considered in committee of the whole in this house, I think additional latitude must be expected in the matter of discussion.

Mr. BENNETT: I am not going to waste the time of the committee beyond saying this, that not in my time has any bill been as adequately considered as this particular bill was by a committee of the Senate.

Some hon. MEMBERS: We are not the Senate.

Mr. BENNETT: Some of you would like to be. Might I observe that the Right Hon. George Graham, who was at one time Minister of Railways, presided over that Senate committee?

Mr. MACKENZIE KING: He is not responsible to any constituency to-day.

Mr. BENNETT: Just permit me to conclude what I have to say, and that is this, that the evidence taken before that committee was made available to the members of this house. Very few of the members of this house who are now discussing this bill would give anything like the attention and attendance upon a committee that they could give to reading the evidence that was given before the Senate committee. When my right hon. friend says that if the bill had been considered by a committee of this house we could then run through the sections here, that does

not mean that the right hon. gentleman himself is going to attend the House of Commons committee. As a matter of fact, he cannot do it and discharge the duties of his office, and therefore he will be dependent for his information upon what he reads and what is said to him. Nor would the ex-Minister of Justice nor other members of the house be in any different position. There was no desire in any way to curtail or lessen inquiry with respect to this legislation. It was introduced into the Senate because it was believed that a more adequate opportunity would be offered there for dispassionate and free discussion and criticism of its provisions than could possibly happen if the bill was dealt with originally in this house and sent to a committee of the House of Commons, to be wrangled over and then sent back to the house, where the whole discussion would be gone over again. I venture to say this, and I know the committee will not misunderstand me, that Lord Ashfield told me in December in England that he could not recall any committee that he had known in his time that had given finer thought and consideration to a measure affecting transportation than had the Senate committee to this bill as he read their reports.

Mr. MACKENZIE (Vancouver): He has not seen us in action.

Mr. BENNETT: He has seen striking evidence of the house being in inaction, and I am not sure that if he were here this afternoon he might not think that was the case today. If I were asked to say what progress we are making with respect to section 2, after an elaborate legal argument the other evening based on an entire misapprehension of section 6, subsection 4—

Mr. MACKENZIE (Vancouver): There is a difference of opinion about that.

Mr. BENNETT: It is open to argument always, and that is the reason we have courts. But I do suggest that if we desire to expedite the passage of the bill or to see that intelligent discussion takes place with respect to it it is not good to jump to part III when we are considering section 2.

Mr. VALLANCE: I have no desire as a member of this committee to stop the progress of the bill. As to the wrangling that is going on in the house now, I will remind the Prime Minister that we amended the Canada Grain Act some two or three years ago, and wrangled for two weeks in a committee of the house specially set up, and when the bill came into the house it took only a few hours to go through. I feel that if this bill had had the same treatment probably it would have been through by now.

An hon. MEMBER: If it had been introduced in the Commons it would.

Mr. RALSTON: As I understand it, the immediate point is whether or not we are preserving the supervisory power of the governor in council and the Board of Railway Commissioners with regard to the abandonment of lines. I understand that it is urged upon the Minister of Railways—if he will permit me to put it that way—by these eminent legal gentlemen, that subsection 6 of section 9 is not inconsistent with section 23 of the Canadian National Railways Act, because subsection 6 of section 9 has to do with His Majesty in his capacity as shareholder, and still leaves the powers of the governor in council as set out in section 23. But what about the power of the Board of Railway Commissioners under section 23; is that still extant? Is my hon. friend satisfied on that point?

Mr. MANION: Yes, as far as part I of this bill is concerned my best legal information is that the Board of Railway Commissioners and the board of trustees stand in exactly the same position under this bill as the directors stood to that board in the past. The arbitral tribunals may make a difference, but as far as concerns part I which deals distinctly with the Canadian National, my best information is that the position will continue exactly the same under this bill as it has been in the past.

Mr. RALSTON: Will my right hon. friend amplify that, so that we may have the facts? Subsection 6 of section 9 provides that no order, regulation, by-law, etc., of the trustees shall require the consent of His Majesty qua shareholder?

Mr. MANION: That is right.

Mr. RALSTON: Are there in fact any shareholders? I know there is provision in the Canadian National Railways Act for shareholders, but have shares ever been issued?

Mr. MANION: Yes, I understand there are shares of the Grand Trunk and the Canadian Northern—

Mr. RALSTON: But shares of the Canadian National Railway Company?

Mr. MANION: Yes, the Minister of Finance holds shares.

Mr. RALSTON: How many shares, and how long have they been held?

Mr. MANION: I do not know.

Mr. BENNETT: Since the start, I believe, after the order in council was passed following the decision of the privy council in the Grand Trunk arbitration. I do not think the hon. member was a member of the government at that time. An order in council was passed by which the shareholders as existing on the register of the Grand Trunk were eliminated, and the Minister of Finance was substituted as a shareholder. With respect to the Canadian National the shares are held by His Majesty, and there is in one section of the act provision that His Majesty shall be the shareholder. I took the trouble to look it up not long since.

Mr. RALSTON: I have that section here, but I was just asking whether, as a matter of fact, shares were actually issued. The provision is that if shares are issued they shall be issued to the Minister of Finance in trust for His Majesty. What I am asking now is whether shares were actually issued, and if so, how many.

Mr. BENNETT: Shares were issued to the extent necessary to qualify directors. I am not quite certain as to the number each director must have, but in the short time I was in the Department of Finance I signed transfers to qualify directors of the Canadian National system. The shares are held—if my memory serves me correctly—by His Majesty, except the shares necessary to be held by directors; and the executed transfers in blank so that the matter could be dealt with as occasion necessitated.

Mr. RALSTON: I am distinguishing between the different companies.

Mr. BENNETT: Oh, yes.

Mr. RALSTON: My right hon. friend is speaking, I think, of shares in the various companies taken over.

Mr. BENNETT: No, the directors are directors of the Canadian National. If my hon. friend will look at the last annual report of the system he will find how it is made up. They are divided into three blocks; first a block of shares that belonged to the government of this country, the railways belonging to the government; that is the old Intercolonial, the National Transcontinental, the Prince Edward Island railway and so on. Then you have a summary of those mileages, and I think it says "Canadian government railways." Then you have the old Canadian Northern and its subsidiaries; and then the Grand Trunk and its subsidiaries, which included the Grand Trunk proper, the Grand Trunk Western and various subsidiaries that comprised what was known as the Grand Trunk system. I dare say it is within the mind of the committee that the Grand Trunk system was made up of a very large number, some fifty-six odd companies. That is the reason, I think, that it used to read "the Grand Trunk system" as distinguished from the Grand Trunk Railway. Then you have the Grand Trunk Western, which was at one time included in what was called the Grand Trunk system, but for the sake of facility in handling the American as distinguished from the Canadian part of the system it was spoken of separately. It was of course and still is a separate entity, incorporated, if I remember aright, under the laws of the state of Michigan. And there was the Grand Trunk Pacific. Those three together constitute what is called the Canadian National system of railways, and under the act of incorporation the shares representing the corporate entity are held by His Majesty. But the act provided for directors of the Canadian National Railway company as well as of these subsidiaries, the lives of which have still to be maintained—and it is an enormously expensive thing unfortunately. You will find in the annual report the story of all these companies.

Certainly directors of the Canadian National system are qualified from time to time. I cannot at the moment tell the hon. member for Shelburne-Yarmouth what shareholding is necessary—perhaps I can find out from the deputy minister. I am informed that only one share is necessary to qualify a director. Those shares are in the Canadian National system. Of course there have to be qualification shares with respect to the various subsidiary companies. For instance the Grand Trunk Western still has corporate entity; has a president, vice-president and all the machinery to maintain its corporate existence. The Canada Atlantic is still an entity, because there are certain securities outstanding, but the Canadian Grand Trunk owns the Canada Atlantic. The same is true with respect to the Central Vermont, that is another striking illustration. It will be remembered that it was reorganized; is carried in the balance sheet as the Central Vermont Railway, Inc., and the shares of that enterprise are held by the Canadian National system. The securities of course are deposited in the treasury. We guaranteed Canadian Northern bonds to discharge the liabilities created by

the rehabilitation and reorganization of the Central Vermont system as it now stands. I do not think there is the slightest doubt—though it can be ascertained, because they are in the vaults—that shares have been issued in the Canadian National system and they are held in the name of His Majesty through the Minister of Finance.

Mr. RALSTON: That is the only point I wanted to have cleared up—whether shares had been issued by the Canadian National system as distinct from the subsidiary companies which are still extant and shares of which are held by His Majesty.

Mr. BENNETT: No, they are held by the company.

Mr. RALSTON: The shares of the Canadian National Railway Company incorporated by chapter 172 of the revised statutes of Canada are not the same shares as those to which my right hon. friend has been referring, which are the shares of the individual constituent companies. I was asking whether there really were shares issued of the Canadian National Railway Company as such to which subsection 6 of section 9 would apply. I do not think my right hon. friend is correct; perhaps I misapprehended what he said, but I do not think any share qualification is required for the directors of the Canadian National.

Mr. BENNETT: Each man, as appointed, has been qualified.

Mr. RALSTON: I did not know that, but it may be so. The statute expressly provides that there shall be directors, so I do not think there can be a share qualification required. I was going to suggest to my hon. friend the minister that this amendment now under discussion is inseparably intertwined with subsection 6 of section 9, which appears to take away some control by His Majesty, exercised by the governor in council or otherwise, and it is really that section which gives rise to the great apprehension on this side. I should like to ask if there would be any real objection to doing away with this subsection. I know we are jumping ahead, but I think this is the time to consider that point. If you did away with that subsection, which does not seem to be in the Canadian National Railways Act, that apprehension would be removed, and then we would be back to section 23 of the Canadian National Railways Act.

Mr. MANION: I suggest, with all due respect, that we should leave subsection 6 of section 9, because it is quite a long distance ahead. When we come to that we will consider the various aspects of that subsection and if necessary, as the Prime Minister has said, we can come back to this section. Let us deal with this section now, and then when we come to subsection 6 of section 9 we can deal with those questions.

Mr. RALSTON: The sponsor of the amendment is not here, but could we not have the amendment stand until we come to subsection 6? That was suggested by the right hon. leader of the opposition and I think assented to by the Prime Minister.

Mr. MANION: Perhaps the hon. gentleman would withdraw his amendment with the consent of the committee; then if he wishes to submit it at some other point he can do so.

Mr. RALSTON: Why can we not let the section stand and go on?

Mr. MANION: The only objection I have is that we started on section 1, the short title, and after spending all afternoon on it we let it stand. Now we have spent one whole evening and a part of an afternoon on this section, and we are asked to let it stand. I should like to make a little progress. The Prime Minister has agreed to come back to this section if, in future discussions, anything comes up making that course of action advisable. Surely that should be satisfactory to my hon. friend. There is no trick to it; we are not trying to get this section passed by anything like that, but I do not wish to have all the sections stand as we go along. We would have to start all over again.

Mr. RALSTON: I do not think that is so; I believe a general discussion is necessary in the beginning and expedites the matter in the end.

Mr. BENNETT: If the hon. gentleman looks at Hansard he will find the general discussion which took place on the motion for second reading. I would refer my hon. friend to pages 24 and 25 of the annual report, where he will find a list of the constituent companies making up the whole.

Mr. MACKENZIE (Vancouver): If the minister will read subsection 2 of section 2 he will find the words "parts II and III," so we can discuss those parts under the very section we are discussing now.

Mr. BENNETT: I do not think that gives us the power to discuss those parts.

Mr. NICHOLSON: Might I ask the minister if he would consider substituting for paragraph (a) of section 2 a provision similar to that which was inserted in the Maritime Freight Rates Act, merely stating that the provisions of section 179 of the Railway Act shall apply.

Mr. MACKENZIE (Vancouver): I rise to a point of order, Mr. Chairman. We have a distinct amendment before the committee, and I understand that the hon. member is referring now to an entirely different amendment. I respectfully submit that we cannot discuss a further amendment until we dispose of the amendment now before the committee.

The CHAIRMAN (Mr. Lawson): I think the hon. gentleman is anticipating what the hon. member for East Algoma may say. I should like to hear what the hon. gentleman wishes to say.

Mr. NICHOLSON: I merely suggest that the minister might take under consideration the insertion of a paragraph which would bring section 179 of the Railway Act into operation.

Mr. MACKENZIE (Vancouver): Again I rise to a point of order, Mr. Chairman. We are discussing a distinct amendment which deals with the abandonment of branch lines.

The CHAIRMAN (Mr. Lawson): If I understand the matter correctly there is before the committee at the moment an amendment to subsection 1 of section 2 which must be disposed of before another amendment may be considered. If the hon. member for East Algoma wishes to submit another amendment after this has been disposed of he will be quite in order in doing so. Might I ask, for my own information, whether this is a correct citation in the amendment? I cannot find any Canadian National Railway Act of 1920.

Mr. BURY: What is the amendment? I thought one had been moved and disposed of.

The CHAIRMAN (Mr. Lawson): My information was that there was before the committee an amendment to subsection 1 of section 2, by adding thereto a clause which will read as follows:

(d) the provisions of section 23 of the Canadian National Railways Act, 1920—

Mr. POWER: That is the title of the Canadian National Railways Act.

The CHAIRMAN (Mr. Lawson): I cannot find that statute.

Mr. POWER: It is in the revised statutes of 1927.

[Mr. Bennett.]

Mr. MANION: I do not wish particularly to help my hon. friends with their amendment, but I am informed that 1920 should not be there, that it should be called merely the Canadian National Railways Act.

Mr. POWER: In the revised statutes of Canada it is cited as the Canadian National Railways Act, 1920. As a matter of fact the hon. member for West Lambton mentioned the fact to me and wondered why it should be so described.

Mr. MANION: I am informed that 1920 was the date when it was passed, and that those figures do not form part of the title of the act.

Mr. POWER: The title is so given in the revised statutes of Canada.

The CHAIRMAN (Mr. Lawson): I do not desire to raise any litigious question, but the right hon. leader of the opposition sent me a copy of the bill, in pamphlet form, in which it is indicated that the correct title should be Canadian National Railways Act. A period follows those words, and then we have the figures 1920, which is a reference to the year in which it was passed. According to the statute itself the correct title is the Canadian National Railways Act, with no reference to the year.

Mr. POWER: We will not find out for sure until we get the revised statutes.

The CHAIRMAN (Mr. Lawson): Is there any objection to my striking out the figures 1920 in the amendment?

Mr. POWER: I would suggest that the chairman wait until we get the revised statute, so that we may see how it is described there.

The CHAIRMAN (Mr. Lawson): Subject to correct designation shall the amendment carry?

Some hon. MEMBERS: No.

Mr. ELLIOTT: I want to point out that it is rather difficult to dispose of section 2 until we dispose of the proposed amendment in some way or other, or make some arrangement to have it stand until we have considered the other sections. After the long discussion the other evening I thought perhaps we were nearly of one mind with regard to the inadvisability of having any of these lines abandoned or scrapped without an order of the railway board, particularly those lines belonging to the Canadian National Railways,

with which I think the people of this country are more intimately concerned. Do I understand the minister to say that in his opinion, and according to the best advice he can get on the subject, that cannot be done now without an order of the board?

Mr. MANION: Yes, so far as the Canadian National is concerned.

Mr. ELLIOTT: Then do I understand the minister to mean that in future it should not be done without an order of the board, so there will be no change?

Mr. MANION: There is no change so far as Part I is concerned, which part deals entirely with the Canadian National Railways. That is my best information, and I think it is correct.

Mr. ELLIOTT: The point about which I am concerned is that branch lines shall not be abandoned or discontinued without an order of the board. If we are assured of that it meets many of my difficulties. I take it from what the minister says that that is his view—that it cannot be done now under this act.

Mr. MANION: I said that under part I of this bill no change was being made. When part I becomes law, together with the rest of the bill, the conditions will be in my opinion the same as they are now. So far as parts II and III are concerned, the conditions may be different, but we are dealing with the preliminary portion of part I. Part I deals distinctly with the Canadian National Railways.

Mr. ELLIOTT: I am not greatly concerned whether it is done by part I, or II or III, or preserved by anything contained in any of these parts, so long as I know that lines cannot be abandoned without an order of the railway board. That is very important to the people of the country, particularly in the rural sections.

Mr. MANION: I have no desire to give to the committee any information that is not correct. I say that so far as parts II and III are concerned, the cooperative measures, it probably does make a difference, and the arbitral board is supreme in that case. As the Prime Minister says, there may never be an arbitral board, because the two railways are now showing a greater disposition towards cooperation than they have ever done in the past. If, however, an arbitral board is set up, it will be supreme in this matter, and if it were decided to abandon part of a line either of the Canadian Pacific or of the Canadian National, and to utilize a section of the other railway, by joint agreement, there is no doubt in my mind that the arbitral tribunal would be supreme in that respect.

Mr. MOTHERWELL: If that is so I object most decidedly to such power being given to any board. We know that Mr. Beatty has suggested that 5,000 miles of railway could be disposed of, and then to give any board that ever existed such authority as is indicated, without the endorsation and consent of the government, is simply scandalous. I object to it with all the vehemence and earnestness at my command, and in the strongest language I am capable of. I know what will be done under this authority; the authority will be exercised and exercised to the limit, and the national railway will be the sufferer.

Mr. MANION: What does my hon. friend insinuate—that the purpose of the bill is, in some insidious way, to wreck the Canadian National Railways?

Mr. MOTHERWELL: I think that the government should be the protector of the people they are governing; the government should protect the country and its railway property from any possible depredations and dismantling.

Mr. MANION: It is precisely for the purpose of protecting the country that this legislation is being put through. It is being enacted with a view to having the two railways in the future operate more economically than up to recently they have been doing; for the Canadian National was in danger of wrecking not only itself but the whole financial structure of the country.

Mr. POWER: Does that apply to the Canadian Pacific Railway too?

Mr. MANION: The Canadian Pacific Railway could not wreck the financial structure of this country except of course by reflex action. It is a private corporation for which we are not responsible, and if it went into bankruptcy such injurious effects as might follow would be reflected in the country only indirectly. But the Canadian National Railways could not be allowed to go into bankruptcy.

Mr. POWER: We have the Canadian National Railways because private lines went into bankruptcy.

Mr. MANION: I am not going to discuss the history of the railways. No one knows better than my hon. friend what unnecessary expenditures have been made in connection with the Canadian National.

Mr. RALSTON: Voted for by everyone.

Mr. MANION: I am not questioning that; I am not discussing the history of these matters, nor am I making any references to the late government. I am simply pointing out the situation as it exists. The hon. member for Melville stood up and implied that there was something in this legislation that had for its purpose not the protection of the people but the wrecking of the Canadian National Railways. I do not remember the exact words he used, but that was their effect. Now I resent that. I do not believe that any government, either this one or the late government, would be so derelict in its duty at this time as to attempt to wreck the Canadian National Railways, and I think it is about time that all hon. members took that attitude. Indeed, I go a step further; I think it is about time that writers on behalf of the Liberal party, such as Mr. Deachman, stopped sending out lies about this government attempting to wreck the national railways, and telling about our driving business from those railways into the hands of the Canadian Pacific—falsehoods sent out under the frank of the Liberal whip. I think it is about time my hon. friends opposite regarded such an attitude as disgraceful to anyone. I have criticized my hon. friends; I criticized them when they were in power and since they have been in opposition I have also been critical of them. But I have never accused them of intentionally trying to wreck the Canadian National Railways. I think they made mistakes, and I do not wish to say more in that regard at the moment; but, I repeat, I have never thought of accusing them of attempting to wreck the system, and I think that any suggestion of that kind on their part now is unworthy of them. No decent Canadian would attempt such a thing, and I resent the implication of my hon. friend from Melville.

Mr. ELLIOTT: Mr. Chairman—

Mr. MOTHERWELL: I am not going to imply anything now; I am going to say something definite.

The CHAIRMAN (Mr. Lawson): The hon. member for West Middlesex (Mr. Elliott) has the floor.

Some hon. MEMBERS: Go on.

[Mr. Power.]

Mr. MOTHERWELL: I am wound up now; let me run down.

The CHAIRMAN (Mr. Lawson): Do I understand that the hon. member for West Middlesex gives the hon. gentleman the floor?

Some hon. MEMBERS: Go on.

Mr. MOTHERWELL: I was going to say that when we were sitting on the other side of the house, being then in power, and hon. gentlemen opposite were on this side, led by another gentleman now in the Senate, we witnessed on more than one occasion the other chamber throwing out proposed branch line after branch line, holding back the prospective national road for a sufficient length of time to enable the Canadian Pacific to bob in ahead of the Canadian National and cover the very same territory. Was that a friendly act towards the Canadian National Railways? I have in mind particularly the Kelvington line and the Bengough, both in Saskatchewan. The Canadian Pacific got in ahead of the Canadian National, the proposed Canadian National line was slaughtered in another place, although the Canadian Pacific line served largely, and in the case of the former, entirely, the same territory. I could cite a number of branch lines which the other chamber held back long enough to allow the Canadian Pacific Railway to get into some of the best territory in Saskatchewan. Were such acts friendly to the Canadian National. Is it any wonder we suspect the designs and intentions of the government under this bill? It is not the same government, admittedly, nor is it the same leader, but it is the same party—the Conservative party—and their attitude has been the same from the time Sir Henry Thornton took the saddle up to the present. It has never been any different at any time that I know of.

Mr. MANION: If the Senate threw out bills of the Canadian National Railways and permitted bills to go through for the Canadian Pacific, enabling the Canadian Pacific to go into Canadian National territory, why did not the hon. gentleman as a member of the government of that day hold up the Canadian Pacific bills?

Mr. MOTHERWELL: How could you get it past the Senate? The Senate blocked it once and would block it again.

Mr. MANION: The hon. gentleman could have stopped the Canadian Pacific bills; it was during his regime that the Canadian Pacific was permitted to go into the territory as he has indicated.

Mr. MOTHERWELL: It was done in the other chamber. We did all we could to get it as far as that chamber but it could get no further, and this occurred not once but half a dozen times.

Mr. MANION: You could have stopped the Canadian Pacific bills.

Mr. ELLIOTT: Now that the air is clear once more and everybody is in good humour, may I ask the minister this question. Is it the intention of the government that no branch lines of the Canadian National shall be abandoned except by order of the railway board, as in the past? If that is the case, I think we can make some headway; if it is not the case, I must say that I am very much opposed to making it easier to get rid of branch lines.

Mr. MANION: May I point out to my hon. friend that the Canadian National Railway Company is made up of the Grand Trunk and certain branch lines. As my leader has said, the Canadian National Railways is made up of the Grand Trunk and some of its subsidiaries; it is made up of the Canadian Northern and some of its subsidiaries, and it is made up of the government railways. Up to the present the Canadian Northern and the Grand Trunk Pacific could abandon lines without submission to the Board of Railway Commissioners, whereas the Canadian National Railway Company could not. The Grand Trunk could not abandon lines without submission to the railway commission, but the Canadian Northern and the Grand Trunk Pacific could and can at the present time just the same as the Canadian Pacific. The Canadian Pacific can abandon lines but the Canadian National Railway Company cannot and it is only to that that section 23 applies.

The CHAIRMAN (Mr. Lawson): If hon. members will pardon me, I should like to know just to what section this amendment applies.

Mr. POWER: I regret that I led the chairman astray. I said that the act should be the Canadian National Railways Act, 1920, whereas it should be the Canadian National Railways Act.

The CHAIRMAN (Mr. Lawson): With the approval of the committee, the amendment will be changed by striking out the figures "1920."

Mr. MANION: Incidentally, the hon. member contradicted the minister.

Mr. POWER: I include the minister in my regrets.

Mr. ELLIOTT: It does seem to me that my question could be answered. Is the minister satisfied that the legislation which he is sponsoring makes it clear that branch lines or portions of the Canadian National Railways cannot be abandoned without an order being first obtained from the tribunal?

Mr. MANION: I must point out that we are getting into parts II and III which deal with the question of arbitral tribunals. I should like the committee to stick to the section with which we are now dealing so that some progress may be made and these other matters can be taken up when we come to that portion of the bill which deals with cooperation and the arbitral tribunals.

Mr. ELLIOTT: I am just as anxious as the minister that we make some headway but without wanting to be at all disrespectful, I must submit that the minister is now in possession of all these facts and he can answer my question now just as easily as he can when we reach other portions of the bill.

Mr. MANION: I have answered my hon. friend two or three times. Under the arbitral tribunals which may be set up under part III of the bill, lines may be abandoned without submission to the Board of Railway Commissioners. However, I am suggesting that this matter be dealt with when we reach that portion of the bill.

Mr. McINTOSH: There would be no investigation?

Mr. BENNETT: This amendment would apply to part III of the bill. In view of the observations which have been made, I suggest that this section be allowed to stand. We could take up section 3 which deals with definitions. I admit that section 2 is a difficult one but the observations of the hon. member for West Middlesex apply more appropriately to part III. If amendments have to be made to ensure what the hon. gentleman thinks to be desirable, they can be made at that time.

Mr. HEENAN: I should like to ask the Prime Minister and the Minister of Railways to give some consideration in the meantime to the redrafting of paragraph (a) of section 2. The minister has stated that these roads can be closed without recourse to the commission and I am quite sure that paragraph (a) does not carry out the intention of the government with respect to compensation for loss of property and so on. After what the

minister has said with regard to the power of an arbitral tribunal to close a station without submission to the Board of Railway Commissioners, I am satisfied that the railway employees are not protected as the government intends them to be protected.

Mr. BENNETT: Inasmuch as section 2 is to stand there will be ample opportunity for the hon. gentleman to consider what he desires to say in that regard when it is again before the committee.

Mr. HEENAN: I am just saying it now; I ask the minister to give this matter consideration.

Mr. MANION: I consider that they are amply protected by subsection (a).

Mr. HEENAN: There is no protection whatever.

Mr. BENNETT: It is the protection that was in the law when the hon. gentleman was Minister of Labour, and it is the protection that still exists; it has not been altered or changed since this government came into power. If it was worth anything two, three or five years ago, it is worth something to-day.

Mr. HEENAN: The Prime Minister does not need to show any heat in connection with this.

Mr. BENNETT: Not the slightest.

Mr. HEENAN: The government of which I was a member never attempted to amalgamate portions of the railroads and throw thousands of railroad men and their families into the streets. If we had done that, we would have seen that these men and their families were protected. Had that not been done I would not have remained a member of that government, I would have walked out.

Mr. BENNETT: Walking in and walking out is the hon. gentleman's strong point.

Mr. HEENAN: That may be, but if I were a member of the Prime Minister's government I would walk out rather than introduce such a bill.

Mr. BENNETT: I have heard rumours and perhaps he is not unwilling.

Mr. HEENAN: I had the chance if I wanted to take it, but I had no interest whatever.

Mr. BENNETT: The hon. gentleman's efforts were apparent.

Mr. HEENAN: Whatever faults or weaknesses I had, the fact remains that every measure which I or the government of which I was a member introduced gave more work than any measure introduced by the present government and at higher wages than had ever been paid in the history of Canada.

Mr. BENNETT: That may be the reason we have to pay out $160,000,000.

Mr. HEENAN: Mr. Chairman, will you ask the Prime Minister to keep quiet. We have here a measure which gives the arbitral tribunals and the trustees the power to close stations and abandon lines, and yet the minister says that section 179 of the Railway Act will still prevail. The minister has told us that the Canadian Pacific Railway can abandon lines without first coming before the Board of Railway Commissioners, and he has given an interpretation of this section of the act which I have never heard before. If that is so, of what use is section 179?

Mr. MANION: They could always do that; they could do it just the same when my hon. friend was Minister of Labour.

Mr. HEENAN: When we were in power we were not putting this bill through.

Mr. BENNETT: No, but my hon. friends were preparing the foundation for it. In 1929 they laid the foundation.

Mr. HEENAN: I know what the Prime Minister means. When we were in power the Canadian National was earning $22,000,000, $24,000,000 and $50,000,000 over expenditures.

Mr. MANION: There was never a year when the Canadian National did not have to get $20,000,000 from the government.

Mr. HEENAN: The Minister of Railways can twist figures just as well as the Minister of Trade and Commerce can.

Mr. MANION: I am not twisting figures.

Mr. HEENAN: The minister was talking about interest on bonded indebtedness and so on. I was talking about surplus of earnings over operating expenses.

Mr. BENNETT: If I were my hon. friend I would keep away from figures.

Mr. HEENAN: The earnings of the Canadian National were in those days from $22,000,000 to $50,000,000 a year over and above operating expenses, because they were carrying freight. We had no obstacles, no high tariffs to prevent traffic. Consequently you cannot compare conditions to-day when the government is putting through a measure like this with what they were when both railways were on their own. I rose merely

to give the Minister of Railways—and he can read this if he will not listen—and the government some credit. I rose to offer a suggestion to them that inasmuch as section 2 stands, the minister might glance at paragraph (a) and rewrite it in order to do what I believe the government intended to do when this bill was in the Senate, namely, to give these men compensation. This is the only clause in the whole measure in which the railwaymen of this country are interested and now, with the interpretation the minister puts on it, it means nothing.

Mr. MANION: I do not wish false interpretations to be put on it. I was not interpreting paragraph (a); I was dealing with the abandonment of lines. Now my hon. friend is discussing the abandonment of divisional points which is an altogether different matter. So far as the railway men in divisional points had protection in the past as regards compensation, they have it under this bill, and they will continue to have it. This was inserted by the labour representatives themselves. This was their suggestion in the matter.

Mr. HEENAN: No, it was not.

Mr. MANION: I say that it was.

Mr. HEENAN: It was not. I understood it was Senator Murdock's suggestion.

Mr. MANION: Is he not a labour man?

Mr. HEENAN: I did not say he was not.

Mr. MACKENZIE KING: It is out of order to discuss the Senate proceedings.

Mr. MANION: We cannot discuss this bill without saying where the suggestions originated. This was inserted at the suggestion of the labour people themselves and under this bill it protects and will continue to protect them. I do not know what the hon. gentleman is worrying about. I was discussing abandonment of lines, a question which has nothing to do with divisional points. We have let section 2 stand. Let us go on with section 3, unless it is the desire of the committee not to make any progress on the bill.

Mr. ARTHURS: Just before we leave section 2, I would suggest that the amendment at present before the committee regarding section 2 might better be added in a different form to section 9, subsection 6, where it would be far more effective. I would suggest that the government take into consideration making this addition to section 9, subsection 6:

Provided that no lease shall be made for a term of more than five years, no sale of any portion of the national lines, no branch line or any part of a main line exceeding five miles in length shall be dismantled unless and until the consent of parliament has been obtained.

I think that would cover the whole ground and it would certainly be in a section of the bill where it would be more effective than it would be in section 2.

Mr. MANION: Regarding subsection 6 of section 9, we have been considering, when we reach it, strengthening it from the standpoint suggested by various hon. members, for instance the hon. member for Parry Sound who has just spoken, and others. But as I have been trying to suggest, I should like to deal with subsection 6 of section 9 when we come to it.

Mr. POWER: As I told my hon. friend the other day, it would be far better if we had some knowledge in advance of what amendments the minister intends to propose to these sections.

Mr. MANION: I shall give my suggestions in plenty of time for my hon. friends to think them over. I do not know that I have definitely settled upon this one. I have a possible amendment, but we are considering the matter in view of the discussion which has taken place. I could not at the moment give every possible amendment we may make. Discussion in committee may alter our viewpoints, or may convince us we should make some other amendments. With all due respect may I say that my hon. friends moved two amendments, one of which would have killed the bill altogether, made it null and void and, if I may say so, that was not done accidentally. The amendment that was moved and that would have put this bill out of commission was not submitted in advance to me. I did not see the amendment of the hon. member for West Lambton until it was read in committee by him. By the way, may I suggest to him and others that when they have amendments, I should be glad if they would have a couple of copies typed off so that I might have one to study. It is very difficult for anyone to consider an amendment without having it before him so that he may judge of its effect on the bill.

The suggestion of the hon. member for Parry Sound and the other one will be dealt with when we reach subsection 6 of section 9. As it has been decided by the committee that section 2 stands, let us now go on with section 3.

Mr. MOTHERWELL: Before we pass on to the next section, might I point out to the minister that, as evidenced by the hon. member for Parry Sound, it seems that hon. members sitting around the minister are largely of the same opinion as we are regarding the desirability of the government keeping some control over these branch lines and, in fact, all lines, especially those which are in the ownership of the government. I cannot contemplate the government abdicating power over a national railway and handing it over to a railway board under the guise of a pretended movement, owing to the alleged too little control that the former government exercised over capital expenditure, to have proper control. I gathered from the minister that he thought the previous government did not exercise sufficient control. They exercised some. Now the present government is going to cure any ill along that line by exercising none, abdicating, handing it over to a self perpetuating board. I am partly in accord with the amendment suggested by the hon. member for Parry Sound, and I think possibly half of the members on the other side feel on this question just as we do. We should be deserting the rights of the people if we permitted this government without protest to hand over these great properties, not only the Canadian National but the Canadian Pacific, to a board that we cannot even get at, and could not dismiss if we wanted to; and if I understand the terms of the bill correctly we could not do much about their salaries. Surely this is madness personified. It is too much modesty for this government, which is sometimes charged with assuming dictatorial powers, to be exhibiting now. They want to have no powers at all in this matter but to hand over complete power to the board. I do not know what has possessed hon. gentlemen opposite. I know that there must be a lot of members on the other side of the house who feel just as strongly as we do about this great property, especially after we have been told by the Premier that we do not own it at all but that it belongs to the bondholders. Who the Sam Hill it will belong to next I do not know.

Section stands.

On section 3.—Definitions.

The CHAIRMAN (Mr. Lawson): Is it the desire of the committee to consider this section clause by clause?

Some hon. MEMBERS: Yes.

Section 3 (a) agreed to.

[Mr. Manion.]

On section 3 (b).—"Dispute."

Mr. MANION: It has been suggested by the legal officers that the word "Tribunal" in lines 19 and 24 should not be spelt with a capital "T." It is not a very important change.

Mr. MACKENZIE (Vancouver): It is a capital offence.

Mr. DUPRE: I move accordingly, Mr. Chairman.

Mr. LAPOINTE: It occurs all the way through with a capital "T."

Mr. MANION: There are certain places where the capital is correct, but in others it is not.

Mr. REID: What is the reason?

Mr. MANION: Because in this particular case it is a general tribunal as distinct from the specific Tribunal. "Tribunal" is defined, but not arbitral tribunal.

Mr. MACKENZIE KING: Should it not be a small "a" for Arbitral as well?

Mr. MANION: "Tribunal" should be left with a capital "T" because that word is defined in the definition clause.

Amendment agreed to.

Section 3 (b) as amended agreed to.

On section 3 (c)—"National Act."

Mr. POWER: We have just had a splendid example of cooperating with the minister in accepting the amendment he suggested. I think we should go the whole way now and spell Tribunal with a small "t." I am sure we should; that is what it means. It is an arbitral tribunal.

Mr. MANION: But "Tribunal" is defined in (h) with a capital "T."

Mr. POWER: But it refers to an arbitral tribunal and not to the Tribunal you are setting up.

Mr. BURY: As I understand it, there will be more than one tribunal appointed from time to time. It is not the same persistent court.

Mr. MALCOLM: Read (h).

The CHAIRMAN (Mr. Lawson): Shall section 3 (c) carry?

Mr. POWER: Carried on division, on the "T."

Section 3 (c) agreed to.

Section 3 (e) to (g) inclusive agreed to.

On section 3 (h)—"Tribunal."

Mr. BOTHWELL: In view of the promises made by the Prime Minister and the Minister of Railways, I think that this should stand until Part III has been considered. In the meantime I wish to move an amendment to strike out all the words after the word "means" in line 10, and to substitute therefor the words "Board of Railway Commissioners for Canada."

Mr. MANION: May I suggest that this would hardly be the proper place to move the amendment because we shall be dealing with tribunals when we come to Part III. It would be there that the amendment would be in order. May I say that we are expecting to go to the other chamber in a few moments, and I now move that the committee rise, report progress and ask leave to sit again this day.

Mr. BOTHWELL: Just in answer to the minister, I think that the present definition will be wrong if the Board of Railway Commissioners is substituted because the wording of the clause is that "Tribunal" means the arbitral tribunal constituted pursuant to Part III of this bill, and I therefore submit that "arbitral tribunal" would not be in order if we are substituting the Board of Railway Commissioners.

Mr. MANION: If in Part III the tribunal is made the Board of Railway Commissioners, then (h) would be absolutely correct.

Mr. BOTHWELL: I would suggest to the minister—

The CHAIRMAN (Mr. Lawson): There is a motion before the chair that the committee rise, and it is not debatable.

Progress reported.

THE ROYAL ASSENT

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

Mr. Speaker, His Honour, the deputy of His Excellency the Governor General, desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the house went up to the Senate,

And having returned,

Mr. Speaker informed the house that the deputy of His Excellency the Governor General had been pleased to give in His Majesty's name the royal assent to the following bills:

An act to make provision with respect to forces of His Majesty from other parts of the British commonwealth or from a colony when visiting the Dominion of Canada; and with respect to the exercise of command and discipline when forces of His Majesty from different parts of the commonwealth are serving together; and with respect to the attachment of members of one such force to another such force, and with respect to deserters from such forces.

An act for the relief of Auguste Burdayron.

An act for the relief of Nora Tulloch Carr.

An act for the relief of Alberta Grace Wood.

An act for the relief of Hilda Nice Allen.

An act for the relief of Mary Louise Robinson Reid.

An act for the relief of Elizabeth Bernstein Schmerling.

An act to amend and consolidate the several acts relating to the Board of Trade of the city of Toronto.

An act respecting a certain patent application of Fred Charles Fantz.

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1934.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for co-operation with the Canadian Pacific Railway system and for other purposes—Mr. Manion—Mr. Bury in the chair.

On section 3 (h)—Tribunal.

Mr. MANION: May I point out that I suggested to the hon. member who moved the amendment to this paragraph that it would be much more appropriate if it were moved to part III, which deals with tribunals. I pointed out also just before we rose that it would not change the definition at all if his amendment were adopted in the end. I do not say that it will be adopted, but if it were "tribunal" would simply mean an arbitral tribunal constituted under part III of this act, so this definition would be still appropriate.

Mr. BOTHWELL: I submit that this definition would not be appropriate. In the first place, if the Board of Railway Commissioners became the tribunal it would not be a body constituted under part III of this act, because that body is already constituted. Under part III as it now stands provision is made for the constitution of the tribunal provided for in this act. I am not going into my reasons for suggesting the Board of Railway Commissioners, because I am following the suggestion of the Prime Minister that we leave that until we consider part III. If it is desirable at this stage that I should go into my reasons I can do so.

Mr. MANION: If my hon. friend refuses to change his amendment, then I am sorry we cannot accept it. I have already stated to the leader of the opposition the reasons why the tribunal proposed under the present bill is in my opinion superior to such a tribunal as the hon. gentleman suggests. First of all, under the tribunal to be constituted in accordance with this legislation, both railways will be represented, whereas they would not be represented if the Board of Railway Commissioners were the tribunal. They would be represented by witnesses, it is true, but they would not be represented on the court. Secondly, and this is very important,—I have discussed it with those who, in a judicial capacity, should know more about the matter than most of us—a tribunal constituted in such a manner as this will be, whereby the members, after hearing the case and arguing it among themselves, can sit down at a round table conference and go into it thoroughly, as an ordinary court or the Board of Railway Commissioners could not do, would be in a far better position to come to a reasonable decision than would be the railway board in the same circumstances. These are the chief arguments and I think they should commend themselves to the committee. On these grounds I must decline to accept the hon. gentleman's amendment.

Mr. BOTHWELL: I submit that the reason given by the minister for preferring a tribunal such as is proposed in part III of the bill is not a good reason at all. If that is a sound argument, then it seems to me that in courts of law counsel for the respective litigants should sit with the judge instead of with their clients. I took the trouble to read the evidence given before the committee in the other house and I find that even the leader of that house was more or less in sympathy with the idea of having the Board of Railway Commissioners; but he advanced the same reasons against that course as the minister has stated to-day. The Board of Railway Commissioners is a body that has been functioning in Canada for some twenty-nine years and it has the confidence of the people. The head of that board is the man whom the government regards as the outstanding arbitrator in connection with disputes between the two railways. That being so, surely a body that has been trained in settling disputes in railway matters is more competent to dispose of such disputes as will arise now than any other body that might be set up. What shall we have under the arbitral tribunal referred to in part III? A dispute will arise between the two railway companies and the tribunal will come into operation. The best men of both companies will be appointed and their representatives will sit with the chairman of the railway board in order to decide the dispute. But these men appointed by the two railways will not be in a position to be arbitrators at all; they will be simply counsel for the respective railway companies and they will be sitting at the table to advance the arguments of their own particular companies. The result is that in all cases the chairman of the railway board will be left to decide the dispute. There would not be a dispute if the two representatives sitting with the chairman could possibly agree, because they would agree before the chairman sat in with them, if there was any possibility of an understanding. We want to have a board that will be able to give a decision after listening to the arguments advanced. When we come to part III, if this section is amended as proposed, other changes will have to be made. Under the Railway Act at present one commissioner may form a quorum in certain cases and in other cases two. It will be necessary to change part III of the bill, or to make a change somewhere else, to indicate how the tribunal shall be comprised. In my opinion the tribunal should consist of at least three members of the railway board. I am afraid I cannot withdraw the amendment, because I think that the tribunal set up under this legislation should be the best trained body we have in this country, and that is the Board of Railway Commissioners.

Mr. NICHOLSON: I wonder what position my hon. friend would take with regard to the board of arbitration set up under the disputes investigation act, such as is now set up where disputes arise between any of the railway companies and the employees. Would he suggest that the dispute be referred to the Board of Railway Commissioners, and that that board would be the proper tribunal to consider the matter?

Mr. YOUNG: That is something that would not come before this tribunal anyway.

Mr. NICHOLSON: No, it would not, but the position is precisely the same. Under the disputes act, if there is a difference of opinion between the railway company and its employees, the employees appoint their representative to act as arbitrator. The company appoints another and the chairman is nominated either by the two or by the Minister of Labour, and thus the board of arbitration is constituted. In the present instance there

may be a dispute between the two railway companies as to what is to be done in a particular case—whether they will take off a through train of the Canadian Pacific and allow the Canadian National to do all the business, or vice versa. If an agreement cannot be reached, the matter will go to arbitration. My hon. friend's suggestion is that it be referred to a board made up entirely of nominees of the owners of one of the railways, and that the other railway shall not have any representation on the board at all.

An hon. MEMBER: Not at all.

Mr. NICHOLSON: That is exactly what it means. The Board of Railway Commissioners is appointed by the government of Canada, parliament acting through the government, and it is suggested that the board shall be the sole arbitrator. Neither of the companies may be represented on it at all. On the other hand, the arbitral tribunal is just what it means, a board of arbitration to decide a dispute between the two railway companies, and one company has the same right to be represented as the other. Counsel for each railway may appear before that tribunal. My hon. friend says that it is counsel for both railways sitting in with the judge, but it is the arbitrator from each company sitting in with the chairman of the arbitral tribunal.

Mr. HEENAN: There is this important difference so far as industrial disputes are concerned, that neither of the parties is bound to accept the decision of the board. Under this legislation it is not merely a matter of taking off a train or two, or anything of that sort, because if the hon. gentleman will look at the bill he will see that power is given with regard to the joint use of terminals, the running rights of one line over the other, the joint use of tracks, control and prohibition in respect of construction of new lines, joint use of facilities, the abandonment of lines, services and facilities, the pooling of any part or parts of freight or passenger traffic, and all things necessary and incidental thereto. These three gentlemen are to sit in private. I agree with the minister when he says that perhaps they could arrive at a better arrangement to their own way of thinking than they could sitting in open court, but are we going to provide that three men may sit down in private without the public knowing what they are doing or why they are doing it and decide upon the slaughtering of branch and main lines, the giving of running rights to one road over the other, and the throwing of thousands of railroad men out of work? This is one thing above all others which should be decided out in the open so that the people interested might appear before the board.

Mr. NICHOLSON: Does my hon. friend suggest that because of the comprehensive powers granted to the tribunal, one of the parties to the arbitration should not be represented on the board?

Mr. HEENAN: No.

Mr. NICHOLSON: That is his argument. There is no doubt that comprehensive powers are being given to these tribunals and my hon. friend is arguing that because of these comprehensive powers, one of the parties to the dispute should be represented on the board while the other is not.

Mr. HEENAN: I do not think the hon. member for East Algoma fully understands what I said. I have no objection to the two railroad companies being represented but I do contend that what is done by this board should be done in public and not in private. I would be quite satisfied to go right down stream with my hon. friend if he would get the government which he is supporting to follow the same procedure as that followed under the Industrial Disputes Act.

Mr. NICHOLSON: I am not talking about whether the board will sit in private or public, I am referring to the amendment which provides that the Board of Railway Commissioners shall be the arbitral tribunal. This board is appointed by the owners of the Canadian National Railways and the amendment provides that they shall be the arbitral tribunal which may decide that the Canadian Pacific shall surrender a terminal to the Canadian National, that it shall abandon a line or other such matters. The Canadian Pacific would have no representative upon this tribunal. As the tribunal is now set up it is a board of arbitration purely and simply. Whether the dispute is great or small, each party will be represented. It is an entirely different matter to discuss how these arbitral tribunals shall carry out their work; I am referring now to the amendment which provides that the owners of the Canadian National Railways will appoint the arbitrators while the Canadian Pacific cannot make any appointment.

Mr. VALLANCE: The bill provides that a representative of both companies shall be a member of the tribunal, but it also provides

that the chairman of that tribunal, who is to be the chairman of the railway commission, must be satisfied with all decisions. In reality, he is the sole arbitrator.

Mr. GEARY: If the hon. member for Kenora-Rainy River is objecting to these tribunals simply because they may sit in private, his objection cannot stand. It is expressly provided in the Railway Act that the Board of Railway Commissioners may sit in private if they choose to do so. If the procedure followed by the Board of Railway Commissioners is to be adopted in the consideration of these matters, the sittings could be held in private.

Mr. HEENAN: But the Board of Railway Commissioners or any other board has never had to deal with a bill like this. My point is that when the Board of Railway Commissioners or a tribunal is given powers such as those contained in this bill, their sittings should be held in the open.

Mr. GEARY: Then my hon. friend does not agree with the hon. member who has moved the amendment. The mover of the amendment asks that these matters be carried to the Board of Railway Commissioners. If that is done, the sittings could be held in private.

Mr. HEENAN: We will have other amendments to offer.

Mr. MANION: The hon. member for South Toronto and the hon. member for East Algoma have suggested important reasons why this amendment should not carry, but there are other reasons also why these matters could not be left to the Board of Railway Commissioners. I would refer the committee to clause 19 of the bill, which reads:

> If, in the opinion of the presiding officer of any tribunal, any application made to him raises matters of substantial concern to the public or a section of the public, he may direct that notice of the sittings of the tribunal shall be given either by advertisement in one or more newspapers, or otherwise as he may consider expedient.

He may permit the public to be represented at the meetings. Therefore, it is provided by the bill that the public can get into these meetings.

Mr. HEENAN: What provision is made to let the public know that the arbitral tribunal is going to deal with a certain matter?

Mr. MANION: If, in the opinion of the presiding officer of any tribunal, the matter to be considered affects a certain section of the public or the public as a whole, it would be his duty to notify the public either by advertisements in the public press, by personal letters or otherwise. He would also inform the attorney general of the province to which the matter under consideration referred. There are one or two other points which I think make the present arrangement more acceptable than having the Board of Railway Commissioners constitute the tribunal. The purpose of parts II and III of this bill is to bring about greater cooperation between the Canadian National and the Canadian Pacific railways. As the bill distinctly states, it is to effect economies and provide more remunerative operation. That being the case, it seems to me to be much more reasonable to have a representative of each company upon the tribunal than to have the Board of Railway Commissioners constitute such tribunal. To a large extent this board has been dealing with questions such as freight rates and other similar matters.

Mr. BOTHWELL: Would not the other members of the railway commission become just as competent as the chairman to deal with these matters?

Mr. MANION: Possibly they would over a period of time. It must be understood that the two railroads would not appoint the same representative to sit on all tribunals. They would appoint a representative who was familiar with the particular branch of the service with which the particular tribunal was to deal. A tribunal might be appointed to deal with the pooling or cooperation of telegraph lines or express services, and the railroads would appoint representatives who were familiar with telegraphic operation or express services, as the case may be. That is a very important and useful provision which could be worked out under this method of having a tribunal.

Another point is that the arbitral tribunal as set up by this bill may not have to give a decision at all. Being set up as it is in a more or less informal manner, I mean so far as its members are concerned, the chairman being the chairman of the Board of Railway Commissioners and the other two members being representatives of the two railways, and being able to sit down, as I suggested a little while ago, at a round table conference to discuss a matter, it is very likely, as the object of the two railways is to bring about greater cooperation and more economy, there will be a greater possibility of their coming to an agreement without any

formal judgment being given. That is really the whole object of part II and, indeed, of the bill so far as parts II and III are concerned, namely, to bring about greater cooperation and in that way save both companies from the pressure of competition, duplication and the consequent unnecessary expense. Having listened to the observations of hon. gentlemen opposite and two hon. gentlemen on this side who, besides myself, have taken part in the discussion, I should think the arguments are all for leaving in the bill the arbitral tribunal just as it is at present.

Mr. YOUNG: Has the minister considered the position in which this will put the chairman of the railway commission supposing a dispute should arise in which five commissioners decide it one way and the chairman decides it the other? The chairman would be overruled by the five others. He could then induce one of the railway companies to ask for a tribunal. He would be the sole arbiter on that and in that way he could defeat the purpose of the entire railway commission.

Mr. MANION: I do not quite get my hon. friend's point. Is he referring to a tribunal that has five men on it?

Mr. YOUNG: I understand the railway commission has six members. Suppose a matter is referred to it; five of the members decide one way, and the chairman decides the other. The decision of the five would prevail. Then the chairman, not satisfied with that decision, could request one of the railway companies to ask for a tribunal. The matter would be referred to a tribunal of which he would be the sole arbiter and in that way he could defeat the entire purpose of the railway commission; he could overrule the five.

Mr. MANION: Of course my hon. friend is putting up a theoretical case which I do not think is likely to occur. As a matter of fact, generally speaking and without reflecting in any way upon the members of the railway commission as it exists at present or as it was in the past, the chairman has been the outstanding member. I say that without any disrespect towards any other member of the commission. I do not think the case suggested by my hon. friend is likely to occur.

Mr. YOUNG: It could occur.

Mr. MANION: I do not suppose any legislation can prevent some remote possibility from occurring. No legislation that is set up provides for every remote possibility. But I do not think the surmised case of the hon. gentleman is likely to arise in practical railway questions.

Mr. YOUNG: On other boards it frequently happens that one member will oppose all the others, and I do not see why this might not occur on the railway commission.

Mr. MANION: Another point that might be put forward is that this would amount almost to a conspiracy. Supposing the board had given a decision and the chairman did not like the judgment the majority had given against him. He would be conspiring with the two railway companies to defeat that.

Mr. YOUNG: Not necessarily. The railway company that was not satisfied with the decision could ask for an arbitral tribunal.

Mr. MANION: Then he would be conspiring with the one railway company to defeat the other.

Mr. YOUNG: Not at all.

Mr. McINTOSH: We have been considering what would take place if a tribunal were established, how one railway might get into difficulty with another, thereby bringing about the establishment of a tribunal and subsequently a solution of the matter that might not be satisfactory to some parts of Canada. What about the situation that might arise supposing the two railways deliberately never disagreed? There would then be no tribunal and a policy of inaction adopted from year to year. The roads would take the line of least resistance. In such a case, what would be the situation of parts of the country that would be seriously affected by not having the necessary transportation facilities? I am afraid they would be in a bad way.

Mr. MANION: In the past the railways took the line of least resistance and they did not cooperate. I say quite frankly that when this government came into power, one of the first matters pointed out to the heads of both railway companies by the Prime Minister and myself was the need of greater cooperation. It is obvious to every hon. member and, indeed, to every citizen who cares to look about him, that there were great opportunities for cooperation in regard to a number of trains, for instance, those running between here and Montreal, Montreal and Toronto, and in other parts of the country. There were great opportunities for cooperation in ticket offices, for instance, those on Sparks street. We pointed out to the railway companies that there were these opportunities of cooperating and thereby saving money.

To-day, in view of the fact that this legislation is pending and that it carried practically unanimously in the other house, the railways are making an effort to cooperate to a greater extent than they ever did in the past. I do not think either railway would take the position suggested by the hon. gentleman, that is, merely to stand pat, or the management of the road would not be doing their duty towards it, because it is certainly the duty of both railways under present circumstances to endeavour to cooperate and to bring about more economical operation than has been the case for some years.

Mr. McINTOSH: I believe the two roads should cooperate as far as possible, but supposing they are opposed, as I believe they are, to this tribunal, the purpose of setting up the tribunal might be nullified by the failure of the railways to avail themselves of its services and the result that the public interest in the matter of transportation and other facilities would suffer. Where would the country be in a situation of this kind? I am afraid the transportation facilities of different areas of Canada would seriously suffer.

The CHAIRMAN (Mr. Bury): The hon. member is out of order in discussing that. It comes under part III; it does not come under this clause.

Mr. McINTOSH: Well, I am putting it under.

Mr. BOTHWELL: I have one other word to say. The minister suggests that this tribunal is going to be simply a round table conference. Under part II of the bill, the two railway companies are surely going to get together and have their round table conference before a matter comes to a dispute. When it comes to a dispute, it is time then to have some independent body to decide the question at issue. Such a dispute will be one in which the Canadian people are vitally interested and we should have a board in which the people have learned to have confidence and on which are men who are trained in the duties that this tribunal will have to undertake.

Mr. RALSTON: Following that up and emphasizing what has been said with respect to the possibility of conflict between the Board of Railway Commissioners and the tribunal, let me put this case to the minister for the purpose of finding out just what this bill means and seeing if we are not in effect wiping out entirely the jurisdiction of the railway commission, at least with regard to the abandonment of lines. Assume, for instance, that the Canadian National Railway wants to abandon a line without reference to the Canadian Pacific. After this legislation is passed this matter will be under the jurisdiction of the board of trustees. It is said that those trustees cannot exercise the power to abandon the line without the recommendation of the Board of Railway Commissioners and the approval of the governor in council. That is to say, if they want to operate on their own, they must, as I understand the minister, operate under section 23.

Mr. MANION: May I make that clear? Only so far as the Canadian National is concerned. That does not affect the Canadian Northern or the Grand Trunk Pacific.

Mr. RALSTON: I am talking about the Canadian National. It has to have the recommendation of the railway board and the approval of the governor in council. Supposing the Canadian Pacific and the Canadian National are in conflict in some particular area; they have possibly a duplicate service. The Canadian Pacific takes the initiative and asks the Canadian National to agree to abandon its line in order that the Canadian Pacific may operate. The Canadian National fails to agree. A dispute arises and the tribunal is formed. The tribunal orders the Canadian National to agree and therefore to abandon its line. What I want to be clear on is whether under such circumstances the Board of Railway Commissioners have power to keep the Canadian National from abandoning that line, or whether the tribunal, representing simply the chairman of the Board of Railway Commissioners and the two representatives—or one representative it may be—of the railway companies, has power not only to authorize but to require the Canadian National to do what section 23 says it cannot do without the approval of the governor in council and the recommendation of the Board of Railway Commissioners. May I refer to section 23 of this bill, which provides that:

> Where the execution of an order, or the carrying out of a decision of a tribunal, involves the doing of any act which by any statute requires, but for the provisions of this act, the leave, sanction, assent or approval of the Board of Railway Commissioners, or where in the opinion of the presiding officer the public interests involved are of sufficient importance to warrant it, no order made by a tribunal shall be operative without the concurrence of the presiding officer and his formal written assent.

Section 24 reads:

> In the event of any conflict between an order of the Board of Railway Commissioners and that of any tribunal, the order or decision of the tribunal shall prevail.

That it seems to me, makes it perfectly clear that the Canadian Pacific Railway, on a definite and—shall I say?—hostile application involving a dispute and the convening of the tribunal, can succeed in having the Canadian National forced to override the provisions of section 23 and abandon a line which otherwise it could not do without the approval of the governor in council and the board.

Mr. MANION: I think my hon. friend has interpreted it correctly, but that is just as true of the Canadian National forcing the Canadian Pacific to do the same thing.

Mr. RALSTON: No, the Canadian Pacific does not require the approval of the governor in council nor of the board.

Mr. MANION: That is true, but so far as the abandonment of a line is concerned the tribunal has the same power to force the Canadian Pacific as to force the Canadian National to abandon. My hon. friend will agree to that.

Mr. RALSTON: Yes.

Mr. MANION: Section 23 of the Canadian National Railways Act really refers only to the Grand Trunk Railway. It is true that that may be wiped out by the arbitral tribunal under this act, but as I said, that section applies only to the Grand Trunk. At the present time the Canadian Northern or the Grand Trunk Pacific and their subsidiaries could abandon their lines without the consent of the Board of Railway Commissioners just as the Canadian Pacific could; but the Grand Trunk could not, because the Grand Trunk is the railway constituting the Canadian National Railway Company.

Sir EUGENE FISET: I think the minister is absolutely right when he states that the Canadian Pacific has the right under existing law to abandon part of its permanent line; but on the other hand, is it not true that the community that would be affected by the abandonment of that line have a perfect right to appeal to the Board of Railway Commissioners, and if a judgment is given by the board, that judgment rules?

Mr. MANION: My hon. friend is partly right, to this extent, that if the Canadian Pacific had received a subsidy, for instance, from this government, and in consequence had agreed to carry on a particular service, it could not abandon that service, or if it had made an agreement with or received assistance from a local community and had agreed to carry on a certain service, it could not abandon that service because that would be an agreement as binding as any other agreement. But apart from an agreement of that kind, binding the company because of some subsidy given by this government or some other government, the Canadian Pacific I am informed, and I think it is absolutely correct, could discontinue a service.

Sir EUGENE FISET: I think the minister is correct. But the community affected by the abandonment of that service or line has the right to appeal to the Board of Railway Commissioners, and if judgment is given by the board it applies to the Canadian Pacific just the same as to everybody else.

Mr. MANION: That is true. The public might appeal to the Board of Railway Commissioners, but the Canadian Pacific can abandon a line unless it is tied by an agreement, contract, or subsidy to carry on that service, and it can abandon it without appealing to the board at all.

Mr. RALSTON: My hon. friend says that section 23 applies only to the Canadian Northern.

Mr. MANION: The Grand Trunk, I said.

Mr. RALSTON: Just on what does the minister base that statement? As I understand section 19 of the Canadian National Railways Act, it permits the putting of any railway under the operation and management of the Canadian National Railways.

Mr. MANION: I do not like to attempt to express the legal reasons, but the actual fact is that the only railway in the Canadian National Railways is the Grand Trunk railway and the branch lines which have been built in recent years have also been put under the Canadian National Railways Act.

Mr. RALSTON: The Canadian Northern was under the Canadian National.

Mr. MANION: For operation. The Canadian government railways are under the control of the government. That is the difference. But the Grand Trunk is the only one under the Canadian National Railways Act.

Mr. RALSTON: Surely the abandonment of lines is operation.

Mr. GEARY: It is the very opposite to operation.

Mr. RALSTON: Does not abandonment come within the term "operation"?

Mr. MANION: I do not quite follow the question.

Mr. RALSTON: The governor in council has power to vest in the Canadian National Railway Company the management and operation of any road, and the governor in council

has done that in the case of the Canadian government railways, the Canadian Northern, and the Grand Trunk Pacific; and in the case of the Grand Trunk the Canadian National actually owns the stock. Under section 23 of the Canadian National Railways Act, with the approval of the governor in council, the company may abandon the operation of any lines or parts of lines. I submit that that applies directly to the lines which the company is empowered to operate, and it applies not only to the Grand Trunk but to the Canadian government railways and other roads as well. The very words of the section are "may abandon the operation of any lines or parts of lines." In a previous section the governor in council has vested in the Canadian National Railway Company the operation of all these different railways. This means only that it may cease to operate them.

Mr. MANION: That is not my information. Section 23 applies to the Grand Trunk, and it would apply also to the branch lines that were built under the Canadian National Railways Act.

Mr. RALSTON: I cannot believe that the abandonment of operation of a Canadian government railway line is to be permitted without the approval of the governor in council.

Mr. MANION: That is a different matter.

Mr. RALSTON: This is the section which requires the approval of the governor in council before the operation of any line can be abandoned. My hon. friend says that the Canadian government railways are not within that section. There must be something wrong with that.

Section stands.

Progress reported.

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

Thursday, April 13, 1933

The house met at three o'clock.

PRIVATE BILL

FIRST AND SECOND READINGS—SENATE BILL

Bill No. 76, respecting the Quebec, Montreal and Southern Railway Company.—Mr. Simpson (Algoma).

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire to lay on the table of the house a number of orders in council passed pursuant to the relief legislation.

[Mr. Ralston.]

QUESTION PASSED AS ORDER FOR RETURN

ENGAGEMENT OF LAWYERS—BRITISH COLUMBIA

Mr. REID:

1. What lawyers, of Vancouver or New Westminster, were engaged by the government during the fiscal year ending 1932-33?
2. For what specific purpose was each engaged?
3. What respective amounts were paid by way of fees, emoluments or expenses to each of these lawyers so engaged?
4. Are any amounts still outstanding; if so, what amounts are yet to be paid?

Right Hon. R. B. BENNETT (Prime Minister): I think this will have to stand as an order for return, because it affects every department of the government. It will have to be circulated by the Secretary of State to all departments.

INQUIRY FOR RETURN

On the orders of the day:

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Yesterday, Mr. Speaker, as reported at page 3959 of Hansard, I asked the Postmaster General (Mr. Sauve) with regard to a return ordered by the house on February 8, with respect to the post office at Missanabie, Ontario. The minister replied: "I have nothing to say to-day." I protested, and the Prime Minister (Mr. Bennett) said, referring to the Postmaster General:

He might have said, "I shall take this as a notice and deal with the matter to-morrow"—

I should like to ask the right hon. gentleman whether the to-morrow to which he referred then is to-day.

Mr. SPEAKER: What point is the hon. gentleman trying to make?

Mr. POULIOT: I am asking if the return will be completed to-day, because that is what I understood from the remarks of the Prime Minister yesterday.

Mr. BENNETT: The Postmaster General is not here.

DREDGING—DETROIT RIVER

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Yesterday the hon. member for South Essex (Mr. Gott) asked a question with respect to the operations being carried on in the Detroit river for the purpose of deepening the channel. I have again looked into the matter; I find that a contractor is in charge of the operations and that following the state-

ment made in this chamber a few days ago by the hon. gentleman we communicated with the United States legation. I am informed that an engineer of the United States government will visit, or is on his way, or is visiting the scene of the operation, and a report will be made without delay.

SUPPLY

The house in committee of supply, Mr. Laflèche in the chair.

TRADE AND COMMERCE

The Canada Grain Act, including management, operation, maintenance and equipment of elevators, administration of, $2,295,172.20.

Mr. MOTHERWELL: This is a slack day, with small attendance, to take up this item; the minister has left it until quite late.

Hon. H. H. STEVENS (Minister of Trade and Commerce): Oh, no; I haven't had an opportunity to take it up before.

Mr. MOTHERWELL: I have just been reading in the Winnipeg Free Press that further amendments to the Grain Act are expected. Should we not put those amendments through before dealing with this matter?

Mr. STEVENS: The suggested amendments to the Grain Act are very formal and deal with something entirely related to eastern Canada. They will be ready in a day or two but they will not affect matters appertaining to these estimates. One of the members of the Board of Grain Commissioners is here and I am anxious to get the item through while the commissioners are in the east.

Mr. MOTHERWELL: I have no criticism to offer of the endeavour to get a difficult item through on a quiet afternoon—half the members are away. I expect, however, that the next call will be from the Minister of Agriculture to get live stock items through. If that is the plan, I do not blame hon. gentlemen much.

Mr. STEVENS: That is not the plan.

Some hon. MEMBERS: Carried.

Mr. BROWN: No, it isn't carried yet.

Mr. McKENZIE (Assiniboia): Last night the Prime Minister indicated that to-day the house would proceed with public works, trade and commerce, marine and fisheries and agriculture. We thought that public works would come first.

Mr. STEVENS: I have already said that I am trying to take advantage of the presence in Ottawa of a member of the Board of Grain Commissioners, but I wish hon. members to understand that they are at perfect liberty to discuss the matter as fully as they desire. There is no suggestion whatever of putting anything over the committee, none whatever.

Mr. YOUNG: We appreciate the minister's position, but is he prepared to make a statement now as to the government's dealings in the grain market?

Mr. STEVENS: I thought that was pretty well indicated in the budget debate.

Mr. YOUNG: Has the minister nothing further to say?

Mr. STEVENS: I do not think there is anything further to say.

Mr. MOTHERWELL: May I hear what the minister is saying?

Mr. STEVENS: I say, there is nothing to add to what was said during the budget debate.

Mr. MOTHERWELL: I should have thought there would be a good deal to say in answer to the hon. member for Willow Bunch, but if his statements are correct we have not much more to ask. He made many statements that would require a reply from some member of the ministry if he is not correct. If, however, his statements are correct, then I suppose we have all the information it is possible to get.

Mr. BROWN: Yesterday I had a question on the order paper to which the minister gave an answer. There was also a motion passed touching the same subject, with reference to correspondence between the government and the Civil Service Commission. These papers have not yet been brought down and until we get full information I do not see how this matter will be satisfactorily disposed of. Of course, the minister may be able to give us now the information we desire. The question I put on the order paper, with the answer, is as follows:

Board of Grain Commissioners—Solicitor
Mr. Brown:
1. Has a solicitor been appointed for the Board of Grain Commissioners?
2. If so, who is the appointee?
3. On whose recommendation was he appointed?
4. What salary does he receive?
Mr. Stevens:
1. Yes, temporarily.
2. E. L. Taylor.
3. Upon the recommendation of the Board of Grain Commissioners and appointed by the Civil Service Commission.
4. $5,000 per annum less 10 per cent.

I might add another question, as to the time of his appointment. That question hav-

ing been answered, I have on the way to the order paper another one: What was the amount spent by the Board of Grain Commissioners in the way of fees for legal services during each of the five crop years preceding July 31, 1932? Information has come to us that these legal services were being provided for the Board of Grain Commissioners at a comparatively small charge, and now it seems that the government has appointed a solicitor at a salary, according to the answer given me, of $5,000 per annum less ten per cent. Another question I asked, to which I should like fuller information, was: On whose recommendation was he appointed? The answer was that he was appointed on the recommendation of the Board of Grain Commissioners by the Civil Service Commission. I should like to know whether that is the answer to the question as I intended it to be answered, or whether the Board of Grain Commissioners took the initiative in requesting a solicitor for the work. I wish to know whether, according to statements that have been made, this officer, Mr. E. L. Taylor, was foisted upon the Board of Grain Commissioners. These are some of the questions we want to have answered.

Mr. STEVENS: I am happy to be able to give an answer to practically all that the hon. member has asked. The appointment of a solicitor to the board, in the position occupied by Mr. Taylor, originated I believe in a recommendation by the Brown commission that someone should be appointed as legal adviser to the assistant commissioners, who later were appointed, and to help, if required, any complainant to get his case before the board in proper order. Mr. Taylor has been acting as legal adviser to the various assistant commissioners who are located, as my hon. friend no doubt knows, in Calgary, Saskatoon and Winnipeg. He gives legal advice constantly on the innumerable matters that arise in connection with the administration of this board's business, which is very extensive and intricate—particularly intricate in view of the amendments of 1929 and 1930 and the adjustments which became necessary. Constantly questions are coming up regarding licences, insurance, and so forth. In addition to that, Mr. Taylor is at the disposal of applicants before the board for adjustment of various matters which they complain about, and he also renders assistance to them.

Mr. BEAUBIEN: Does he give this assistance free of charge?

Mr. STEVENS: Free of charge, yes. That is his position and he is recognized as a very useful and competent solicitor in that class of work. In addition to that there are some major matters of litigation that may and do come up, and for that purpose, if I am not mistaken, the board retains the services of Mr. Travers Sweatman, K.C., of Winnipeg. I presume that where necessity warrants it, in matters of sufficient importance, they retain other solicitors as well. I am sorry I have not the particulars of the expenditures for legal services over the past five years.

Mr. BROWN: I think that information is very important. The other day I asked the minister to table the report of the Board of Grain Commissioners for the year ended July, 1931. At that time I had in my hand the reports for the previous years and in looking over the particulars I could not find a single item which could be identified as an expenditure for legal services. Evidently the expenditures were so small that it was not considered necessary to concentrate them in a separate item. In view of this, it is hard to understand why a solicitor should now be appointed at a salary of $5,000.

Mr. STEVENS: I have a list of the detailed general expenses which include legal fees. The estimate for the current year is $3,000. I have not the particulars for the past year but I should imagine they would be about the same amount.

Mr. BROWN: When was Mr. Taylor appointed?

Mr. STEVENS: About a year or a year and a half ago.

Mr. BROWN: Why does his salary not appear in the statement of expenditures for the crop year ended July, 1932?

Mr. STEVENS: I speak subject to correction, but I assume that it would be included in the salaries item.

Mr. BROWN: It does not appear in the expenditures for the 1931 crop year. I have looked over the reports for the two years and I cannot find anything which could be identified as an expenditure for legal services.

Mr. MOTHERWELL: My curiosity has been somewhat aroused by this new appointment. This is the age of economy, of coordination, of the avoiding of overlapping and other hackneyed matters, and yet this appointment is made. We have entered into a period of extreme quietude so far as the administration of the grain act is concerned. There has been no trouble in connection with grading and the quality of grain has been high. Everything has been running as smooth as

silk and yet we find the minister appointing a legal adviser to the Board of Grain Commissioners. The salary to be paid is $5,000, a rather snug little sum these days and more than most of us in this chamber are receiving. As I understand it, prior to this appointment the annual cost for legal services was only about $500. We are just entering the Easter season and I shall try to keep my language moderate. The ministry has chosen a very convenient and quiet time to discuss these matters; we are all necessarily more or less under the discipline of the hour but we want the information just the same.

Mr. STEVENS: My hon. friend can get any information he wants.

Mr. MOTHERWELL: What was the idea of departing from the fee system, whatever it cost? My understanding is that the cost was less than $1,000 per year, and yet a permanent official is being appointed at a salary of $5,000 at a time when there is the minimum requirement for legal counsel.

Mr. STEVENS: As my hon. friend recalls, the act was amended in 1930. Without doubt there was a general desire upon the part of everyone in western Canada, as well as those having to do with the administration of the act, to see that it was as effective as possible. As I have stated already, the act provides for the appointment of resident assistant commissioners. The appointment of this legal adviser to the commission generally enables the commission to give the resident assistant commissioners the full value of his advice on legal matters. Appeals are constantly being made by farmers to the board in connection with elevator companies and others and frequently the elevator company or the other business concerned has legal advice while the farmer has none. Mr. Taylor takes charge of all such cases and puts them forward in the proper and legal form. In other words, he is the general legal adviser to the board, to the assistant commissioners and to the complainants of the character I have mentioned. I think he is rendering a very valuable and useful service to all concerned.

Mr. MOTHERWELL: Is the salary of this official being charged to the administration of the act which has to be paid by the farmer? If it is, then all I can say is that it is just another case of the government policy of loading everything on to the farmer. I may be wrong in this surmise, but the minister has not indicated the amount of the fees paid before this counsel was employed.

Mr. STEVENS: As I stated to the hon. member for Lisgar, I am very sorry that I have not before me the information for the preceding five years.

Mr. MOTHERWELL: My hon. friend must know what they are.

Mr. STEVENS: I do not.

Mr. MOTHERWELL: Surely the minister would not employ a permanent official without knowing what it was costing under the other system. Surely he is not going to admit that he does not know that much about this branch of his department. It looks like another extravagance practised by this government at a time when it is preaching economies from the housetops. We want some more explanation about this item.

Mr. DONNELLY: This official is appointed at a salary of $5,000 and yet when any important matter comes up it is handed over to another firm of lawyers. For fifteen or twenty years we managed to get along without employing any firm of lawyers.

Mr. STEVENS: No.

Mr. DONNELLY: They were not employed unless they were needed from time to time. When the grain act was amended two or three years ago we appointed not only three grain commissioners but three or four assistants. Now it seems that we must have a lawyer and an assistant to the lawyer. All these officials are required to help the grain commissioners arrive at a decision because they are the ones who decide what is to be done.

Mr. MALCOLM: I must confess that I was amazed at the last remarks of the minister in connection with his counsel. As hon. members will recall, in 1930, there was a very thorough investigation of the Canada Grain Act. As the minister pointed out, assistant commissioners were provided to provide a little closer contact with the farmers in each district. After all, the Canada Grain Act has a board appointed for one purpose only, namely, the administration of the act; that is the duty of the board. The new board which was appointed met, I think, with general approval of the grain growers and elevator companies in western Canada, and we all feel it should be able to administer the act. If this new solicitor at $5,000 a year is appointed to advise the board, which is after all the court of appeal in cases of dispute, and if the appointment is made because the board hardly feels competent to interpret the act which this parliament passed, well and good. But the minister makes the amazing statement that one of the duties of this lawyer is to act on behalf of the appellants.

How can he be counsel for the board and at the same time be counsel for the appellant? As I understand the matter, the board is the court that must make a decision in a case of appeal against the action of an elevator company or some other organization or individual. The elevator company, of course, will have a solicitor to present its case before the Board of Grain Commissioners, and naturally the appellant, whoever he is, would have his own lawyers. But how a solicitor before the board can undertake the duty of advising the board and at the same time of advising the appellant, I cannot understand. Perhaps the minister will explain.

Mr. STEVENS: I do not think there is any difficulty in understanding that. This board is not a court in the sense that the Supreme Court of Canada is; it is rather a court of equity than a court of law.

Mr. MALCOLM: Quite so.

Mr. STEVENS: Ninety per cent of its dealings is with farmers. A substantial portion of its time is taken up with elevator companies and grain dealers. Where there is a conflict, it has usually been between an individual shipper or farmer and an elevator company or broker or someone of that character. The board will sit to hear those complaints.

Mr. MALCOLM: Will the minister pardon me for a moment? He knows many of the complaints are not against elevator companies; they are against weighmasters, or officers of the board.

Mr. STEVENS: Yes, but I am simply indicating the general class, shall I say, of disputes that may arise. They may be with weighmasters.

Mr. MALCOLM: Inspectors.

Mr. STEVENS: But generally speaking, the dispute is between the individual shipper and the elevator company or grain concern. Last year, for instance, I find in a memorandum just handed me, that 127 complaints were heard by the board. In forty-two cases no grounds for complaint were found. The complaints were made; they were gone over carefully and dismissed as being without ground. Fourteen cases were withdrawn; thirty-nine settlements were arrived at, and thirteen were found to be outside the jurisdiction of the board owing to questions of law or matters that had to go to the courts of the land. In five cases the board ordered a stated settlement. In one case there was a prosecution of the defendant. Thirteen cases are not yet disposed of.

This legal adviser that I mention is certainly of value to the farmer who appears before the board. The board is a moving body which, for the convenience of the farmers, the grain growers of the district, holds hearings in different parts of the country. The legal adviser would give assistance to the farmer who was making a complaint, thus saving him the expense of retaining a lawyer. I do not think we should make this board's hearings of a character that would force a man to have a lawyer appear before it. I remember very well, when the Board of Railway Commissioners was first organized, the late Justice Mabee would scarcely hear a lawyer before the board on the ground that complainants would be private citizens and it was not fair to put them up against skilled lawyers representing railway companies. In a measure the grain commission is of that character. It is desired to have these things as informal as possible and to deal with them on the grounds of equity. But it is desirable and certainly useful to those who present their claims that they should have the assistance of someone thoroughly familiar with the act so that they may put their claims forward in the best possible form. That is one of the services this lawyer renders. I do not wish to reiterate this to the point of being tedious, but as I said before, in the board's business many matters arise of a small or petty legal character, such as questions of licensing elevator companies and so forth.

Mr. MOTHERWELL: If they are small or petty, they are hardly worth $5,000.

Mr. STEVENS: But in the aggregate my hon. friend must understand they would cost a great deal more if fees were paid to outside lawyers. Owing to the growing business of the board it was thought desirable to retain this lawyer.

Mr. BROWN: The explanation of the minister is not very satisfactory. Instead of asking whether a solicitor had been appointed for the Board of Grain Commissioners, it seems that I should have asked the question: Has a legal representative for the farmers been appointed to represent them before the grain commission? Then the answer might have been yes. Whether he is to be temporary or not I do not know; the answer is not very satisfactory.

We are told that many small cases arise in regard to licences where the advice of the solicitor is required. I am not altogether unfamiliar with the man who has been appointed, and I venture to say that Mr. E. B. Ramsay, the man whom we appointed as head of the Board of Grain Commissioners, is just as competent to settle these questions as is E. L. Taylor.

Mr. MOTHERWELL: Is he a good Tory?

Mr. BROWN: I shall tell my hon. friend more about that before we are through. When Mr. E. B. Ramsay was appointed chairman of the grain commission, he had the full confidence of every farmer in Manitoba. He was recognized as thoroughly competent to discharge the duties of his office. When we revised the Grain Act in 1930 he was present at almost all the sittings of the committee of agriculture, and most of the provisions of the clauses of the grain act were made with the sanction of Mr. Ramsay himself. He is quite familiar with every section and subsection of that act; no lawyer can be better qualified to administer the act than he is. It is unnecessary to appoint any man to instruct him as to the provisions of the grain act. So much for that question. This lawyer's duties as outlined by the Minister of Trade and Commerce are so ridiculous that I think the minister should give us some better explanation for the appointment of Mr. E. L. Taylor, who is well known in Manitoba.

An hon. MEMBER: Who is he?

Mr. BROWN: Well, he was a Conservative candidate in the constituency of Mountain in two elections and he was defeated. I am not sure whether he was ever elected to the Manitoba legislature, but his name figured very largely in the election scandal in the constituency of Gimli. That is the man who has been appointed.

Mr. STEVENS: It is always very easy for one with prejudice to besmirch the character of someone who, of course, is not able to defend himself. I shall say, without fear of contradiction by any self-respecting citizen of this country, that Mr. Taylor is a respected barrister and citizen of the city of Winnipeg and holds the confidence of a very large proportion of his fellow citizens. I am not questioning the fact that he was a Conservative. After all, is it a sin or crime that a man should espouse the Conservative cause?

Mr. BROWN: I am not saying that.

Mr. STEVENS: It may be so considered, but I suggest to the hon. member for Lisgar that it is neither courageous nor fair to besmirch by innuendos the name of a man who has no opportunity to defend himself. I have no hesitation in saying that Mr. Taylor is a respected citizen in his own community.

Mr. BEAUBIEN: What attitude did the minister take in the customs inquiry? Did he not cast a blemish on anyone's character then?

Mr. STEVENS: I will tell my hon. friend what attitude I took. We looked with great care into various matters pertaining to the administration of the Customs department—this is more or less out of order, Mr. Chairman—but from one end of the five months to the other I never put my finger upon nor uttered one syllable against the personal character or reputation of an individual—not one.

Mr. BEAUBIEN: What about the speeches the minister made in this house, casting insinuations against several members sitting opposite him? He cannot deny that because it is on Hansard.

Mr. STEVENS: I do deny it.

Mr. BROWN: Over and above this $5,000 that Mr. Taylor is going to get as solicitor for the board, do I understand the minister to say that he is also going to receive out of the estimated expenses for the 1933-34 crop year an additional $3,500 for legal fees?

Mr. STEVENS: Provision is made in the estimates for $3,000.

Mr. BEAUBIEN: Is that in addition to the $5,000?

Mr. STEVENS: Yes.

Mr. BROWN: If Mr. Taylor is such an eminent lawyer as has been suggested there is no reason in the world why he cannot perform these other services, because his time will not all be taken up performing the petty duties indicated by the minister, and there is no need for giving him that extra $3,000.

Mr. MALCOLM: I do not wish to hold up the minister's estimates, but as one who has administered this department I am going to say to him that this is the most unjustifiable appointment he has ever made. In the first place, when the Board of Grain Commissioners do run into trouble in the administration of the grain act they want the advice not of Mr. Taylor but of the best solicitor obtainable in Canada. That has been the

course that has been followed in the past. Eminent counsel, of course, have to be called in occasionally by governments and by government departments to help them, but the Board of Grain Commissioners, under Mr. Ramsay and the other two commissioners, know the Grain Act from cover to cover, as do many members of this house, and I say to the minister that it is all hooey to talk about needing a lawyer for the issuance of certificates or licences or for anything of that sort, because Mr. Ramsay knows the act perfectly, and its provisions are as clear as crystal to anyone who studies them. If the minister takes the other stand and says that he thinks the farmers of western Canada have a right to legal counsel in presenting their appeals to the board, he is probably justified in the appointment; but if a lawyer is to be appointed to represent the farmers of western Canada I would expect the minister to request of the house that a growers' counsel be appointed and that the expense be charged up to inspection fees. There is no one more interested in the grain act than the grower, and every dollar that we are here voting is repaid to the treasury, out of inspection fees, by those who ship the grain. It is not paid for by the taxpayers at all. This is a service paid for by the grain producers of Canada, and the sooner members of the house realize that fact the sooner will they realize that this expenditure should not be increased unless the people who are producing the grain and paying the fees so request. I never heard of Mr. Taylor as an eminent counsel in Winnipeg to whom any of the boards in the past went for advice. The last chairman of the board, Mr. Leslie Boyd, appointed by my hon. friends opposite, was a lawyer, a man who I consider gave very valuable service to this dominion. I do not think he ever consulted Mr. Taylor when he wanted an expert opinion on anything pertaining to the grain act, nor do I think that any of the other commissioners did. Why this man should be appointed at a salary of $5,000 without the request of those who are paying the fees I cannot understand. Personally I shall not hold up the minister's estimates but I think he is making a very grave mistake.

Mr. MOTHERWELL: While the minister is recovering—he does not seem to have anything to say in reply—I wish to say, arising out of what was said by my hon. friend from North Bruce (Mr. Malcolm) and the lawyers will correct me if I am wrong, that there is a well known principle in British law that no lawyer can act for two sides of a given case. He cannot act for both the appellant and the defendant at one and the same time. Some lawyer repeated that axiom to me just the other day, and it is such plain common sense that any kind of layman on the opposite side of this house should be able to grasp it. As a matter of fact, the minister is caught with the goods, and he is hunting in every hole and corner to find an excuse for this appointment. That is what is the matter. We all know the fix he is in. We all know something more, and that is that $5,000 was not the sum first mentioned, nor $6,000, but a good deal more, was it not?

Mr. STEVENS: I never heard of anything more than $5,000.

Mr. MOTHERWELL: I did, and that is the information which the hon. gentleman has not got. I think he had better let this item stand until he gets the important information we require, particularly after it has been pointed out, and as we all know, that this $5,000 comes out of the fees which the farmers have to pay on every car of wheat. The farmer pays $2 per car for weighing and grading, and that is what pays for this service. The government is recouped out of these fees. I suppose this vote in the estimates for the Canada Grain Act has been reduced because of this $5,000 that is going to Mr. Taylor, but should it not have been increased instead? It would seem as if the government under their blighting administration of affairs, anticipate a smaller crop next year, that bugs or worms or Tories are going to attack our grain. Out of this sum that is being voted the minister is giving $5,000 to a political henchman, as far as we can make out to-day, for doing what was done for $500 before, and there hon. gentlemen opposite stand, caught with the goods, thinking they were going to sneak this thing through on a quiet Thursday afternoon. My heart was touched at the beginning by the minister's helplessness, and I was inclined to let him go, but he has made such a mess of it that we can now very well afford to sit down and let him mess away at it himself.

Mr. BROWN: I move to reduce this item No. 275, amounting to $2,295,172.20, by the sum of $5,000.

Mr. STEVENS: I am quite sure the committee will not expect me to reply to my hon. friend from Melville in the same language and the same terms as he used.

Mr. MOTHERWELL: The minister cannot reply; that is the trouble.

Mr. STEVENS: I have stated three times—I stated it in the first explanation that I made, I stated it again, and I repeat it now—that a substantial portion of the time of Mr. Taylor has been occupied in assisting those who are presenting cases to the board; that is, farmers and producers and that class of applicant. The hon. member for Melville suggests that a lawyer cannot act for both sides of the case. Mr. Taylor is not acting for both sides of the case at all. On the one side of the case would be, as I pointed out before, an elevator company or a concern of that kind, and on the other side would be the applicant such as a farmer, producer or shipper of grain in one of the western provinces. The elevator company would have its solicitor to appear before the board, and the board has put into practice the system that I have mentioned of paying a solicitor and getting him to assist the farmer or producer or the shipper, as the case may be, in presenting his case to the board. In that work about half of Mr. Taylor's time, I should judge, is occupied.

My hon. friend from North Bruce, the hon. member for Melville and the hon. member for Lisgar also suggest that the act is so clear and so perfect that anyone can understand it.

Mr. BROWN: That Mr. Ramsay could understand it?

Mr. STEVENS: It is a large act, an important piece of legislation, and it is no reflection upon Mr. Ramsay or the members of the board to say that there are many little things which require close study. For instance in a day or two I shall show that there are certain amendments now called for arising out of complexities in the act, if you like to put it that way, or in connection with matters which were overlooked. It is no reflection upon those who drafted it or the Board of Grain Commissioners. The same thing has occurred in connection with many of the major statutes. But in regard to the large number and variety of bonds that the act imposes upon the commission to exact from those using the facilities of the board, such as elevators and so on, there is required careful supervision and drafting. Mr. Taylor has been devoting a considerable portion of his time to that work, a work which constitutes valuable service to the commissioners. I am sorry the hon. member has taken the attitude he has shown in committee. Certainly there was no thought in my mind of hiding this item, or of slipping through the grain estimates this afternoon. I am quite willing to ask that the item stand over until some other day, so that we may have a full-dress debate on it for a whole week, if the hon. member wishes it. However, I tell the committee this, that some few weeks ago we had one of the commissioners in Ottawa. He waited two or three days, during which time I was unable to get my estimates before the house. At that time the attention of the members was directed towards other matters.

Mr. MACKENZIE (Vancouver): The budget.

Mr. STEVENS: No, it was not the budget. I was taking advantage of the presence in the city of one of the commissioners to have my estimates placed before the house to-day. Hon. members opposite must know that it is inadvisable to hold these gentlemen here in the east day after day awaiting the pleasure of the house. It is only for that reason that the estimate was brought on this afternoon. If the committee feels that it is not being treated fairly, I am quite satisfied to ask that the item stand, and I shall go on with other items to which there will be very little opposition.

Mr. STEWART (Edmonton): Go ahead; nobody is asking that.

Mr. STEVENS: I am not desirous of proceeding contrary to the views of hon. members opposite. I shall undertake to give them ample notice of further discussion on the estimate now before us.

Mr. MOTHERWELL: Mr. Chairman, the minister is much too accommodating. When reinforcements to the committee were not here he wanted to put this vote through. Now that they are here he wants to place it to one side. That is all his talk amounts to.

Mr. STEVENS: The hon. member wishes me to stop?

Mr. MOTHERWELL: We are just getting warmed up, and we want now to see it through. There is no use having two fracases when one might settle it. The minister has given no information. We might just as well let it go through, or go on with the discussion of it, or pass on to some other phase of the matter—because we are dealing with only one phase—the new counsel and his salary. I wish to impress upon the committee and everybody concerned with this measure that the farmers will have to put their hands in their pockets and pay this bird $5,000. My information is that had the government had its way they would have paid $7,000.

The CHAIRMAN (Mr. Arsenault): I shall read the amendment.

Mr. STEWART (Edmonton): The hon. member is speaking to the amendment.

The CHAIRMAN (Mr. Arsenault): I have not read the amendment. It is moved by the hon. member for Lisgar (Mr. Brown) that item No. 275 be reduced by $5,000.

Mr. BROWN: This matter came to my attention only yesterday, and the information I was given has been proved, so far, to be correct. I should like to know whether the further information I have is correct. That will show, of course, when we have the correspondence between the department and the Board of Grain Commissioners.

Mr. MOTHERWELL: Is that not down yet?

Mr. BROWN: No, it was ordered only yesterday.

The CHAIRMAN (Mr. Arsenault): Do hon. members want this item to pass?

Mr. BROWN: We are discussing it, and we are in order. You were in order a minute ago, when you insisted upon reading the amendment, and we are in order now when we speak to it. The information I have is that the first salary demanded was $7,000. Probably when we have the correspondence we will find who demanded it. The Civil Service Commission balked at that figure, and it was brought down to $6,000. Finally an agreement was reached at $5,000. As I say, although my information on the other points was confirmed, it was not confirmed on this one. I should like to know whether correspondence with regard to the salary passed between the department and the Civil Service Commission?

Mr. STEVENS: Certainly I cannot recall any such correspondence. So far as my recollection goes $5,000 is the only sum that has been mentioned. I have no recollection of a larger sum being mentioned, and I am informed by my officials that they have no recollection of any such correspondence. In that connection I can say no more.

Mr. VALLANCE: Who requested that Mr. Taylor be appointed to the position? Was it the farmers, or was it the Board of Grain Commissioners?

Mr. STEVENS: So far as I know the suggestion was made by the Board of Grain Commissioners, and the appointment was made by the Civil Service Commission. Again, without examination of the records I cannot say offhand whether a demand was made by the farmers.

[The Chairman.]

Mr. VALLANCE: Has the appointment of Mr. Taylor been made permanent?

Mr. STEVENS: No.

Mr. VALLANCE: It has not? Because in the investigation last year into the civil service and the Civil Service Act I find at page 919 the following statement concerning the appointment of Mr. Taylor:

> On recommendation of the Civil Service Commission the temporary appointment under section 40 of the Civil Service Act of Mr. Edmond L. Taylor as counsel of the Board of Grain Commissioners at $5,000 per annum was authorized for a period of six months from August 1, 1931, under authority of order in council P.C. 298-2188, of September 10, 1931.

Has this temporary appointment been renewed from time to time, and if so, why is there not a permanent appointment made? It must have been renewed several times, because the original appointment went back to August 1, 1931, and we are now in April of 1933. If the position is so important, why is it not filled permanently?

Mr. STEVENS: The decision whether or not it should be made a permanent office has not yet been arrived at. The temporary appointment was made by the Civil Service Commission, and at the request of the Board of Grain Commissioners the period was extended a further six months.

Mr. VALLANCE: This appointment is made by order in council?

Mr. STEVENS: Yes, and under the Civil Service Act.

Mr. BROWN: I cannot believe that the Board of Grain Commissioners recommended the appointment of Mr. E. L. Taylor. When I asked the question I had it in mind that someone outside the board might have recommended the appointment of Mr. Taylor, and that was the information I wanted to get. Of course I have not got it, and perhaps may not get it. In the beginning the minister said this action was taken because of some recommendation contained in the report of a commission. I do not remember that recommendation, and I should be glad if the minister would point it out.

Mr. STEVENS: I am speaking on the advice of officials who ought to know and who do know.

Mr. MOTHERWELL: Does the minister know whether Mr. Taylor was engaged in the practice of law prior to his appointment?

Mr. STEVENS: Certainly he was, for many years.

Mr. MOTHERWELL: Had he any special experience in connection with the grain act?

Mr. STEVENS: Yes.

Mr. MOTHERWELL: I never heard of him; he must have been buried in the basement somewhere. I never heard of the man being associated with any cases before the courts involving the grain act, because there have been few, if any, such cases. Everything has been as quiet as sitting about the home fire, and yet this appointment must be made at this time. As a matter of fact I know that a lawyer, to be worth his salt in dealing with the grain act before the courts, must have studied that act not for a month but for years, and he must have had some experience before taking over an important case or pretending to fill an important appointment such as this if there were anything to do. There is no one so helpless as an inexperienced lawyer in a grain case, because it is very involved and intricate business. Half the time the lawyer will not know what he is talking about unless he has an army of supporters and prompters around him. The late Mr. Bonnar of Winnipeg was considered one of the best lawyers in the west in connection with grain legislation or litigation. I do not know of anyone who has been able to equal him, but even Mr. Bonnar had to have all sorts of technical support when he went into court. We have never heard of this man Taylor; he may have dropped from the moon for all we know. We do not know whether or not he knows anything about this grain act. As a matter of fact the government is caught spending $5,000 of the money of the farmers in order to give a salary to one of its friends who has the reputation described by the hon. member for Lisgar. Surely his word should be as good as that of the minister in regard to Mr. Taylor; in fact he is far more likely to know the facts, because he knows the gentleman. Does the minister know Mr. Taylor?

Mr. STEVENS: Certainly I do.

Mr. MOTHERWELL: Then why did you appoint him if you knew him to be that sort of man? The government should not give away the hard earned money of the farmers at a time when they can hardly buy a clucking hen, and when a lot of them are on relief. Many of them cannot even buy postage stamps to write us, as we know by the small volume of mail we get; they do not know they do not require a stamp. The minister has just displayed what we always knew, his lamentable ignorance of this branch of his department. It is high time the administration of this grain act was handed over to the Department of Agriculture. At least the gentleman heading that department knew enough to do justice to garnet wheat, which my hon. friend, the Minister of Trade and Commerce, wanted to butcher.

Mr. IRVINE: Did I understand the minister to say that the Board of Grain Commissioners asked for this appointment and that the Civil Service Commission made it?

Mr. STEVENS: Yes, that is my information.

Mr. VALLANCE: I should like to proceed a little further. I hold in my hand a copy of the evidence presented before the committee that investigated the civil service commission last year. I do not wish to deal with the many files that were presented to that committee, some of them trying to prove that the two commissioners were always opposed to the chairman while Doctor MacTavish presented cases in which he was the dissident. This is one case in which Doctor MacTavish dissented; he brought it in to prove that he and the other commissioner were not at all times opposed to the chairman. This is what I find with regard to this position:

> The civil service commissioners on August 12, 1931, directed in this case that, in case of extension beyond six months, the continuance of the temporary position to be authorized, and if the position is to be of indeterminate duration, that it be advertised.
>
> This office is now in receipt of a request for the extension of temporary certificate in above connection for a period of six months from February 1, 1932, it evidently being the desire of the department that the appointment of Mr. Taylor be extended by order in council for a further period of six months.
>
> The department advises regarding the possible duration of the employment of Mr. Taylor that they are not at the present in a position to furnish definite information.

At that time the department did not know whether or not this would be a permanent position. I should like to know if the position is of such moment that it should be filled permanently and, if so, why it has not been made permanent.

Mr. STEVENS: In all probability it will be disclosed that it should be made a permanent position. We have not decided to make it permanent up to the present, and in view of the criticisms that hon. gentlemen opposite have hurled at my actions in this regard, and particularly in view of the language used by the hon. member for Melville—

Mr. MOTHERWELL: Hear, hear, and I shall have more to say.

Mr. STEVENS: —we might be justified in abolishing this position at the end of the

temporary period, which I think will be in about three months. But I want to suggest to hon. members opposite that in my estimation they have been grossly unfair in their treatment of this matter, because I am confident that it will be found that the services rendered by Mr. Taylor have been of value to those who most required them, and in all probability if we discontinue the position we will be inundated with demands for the restoration of that service. Personally I am not interested in the matter in any shape or form. If it is thought by the committee that this is a service that should not be continued I am quite prepared to end it when the temporary certificate expires.

Mr. VALLANCE: The minister says Mr. Taylor has been acting for the producers or shippers and also for the Board of Grain Commissioners. Has the minister at hand the number of shippers or producers who have availed themselves of the services of Mr. Taylor?

Mr. STEVENS: I could not give my hon. friend that information at the moment, but I understand there have been quite a number of cases, as well as many that never appeared on the records, where complaints have been made to assistant commissioners at Saskatoon or Calgary in addition to the complaints reaching the head office in Winnipeg. Mr. Taylor has frequently investigated those cases and given advice and counsel so that they may not have come to a formal hearing. This has been a useful and valuable service, but that is all I can say in regard to the matter.

Mr. WEIR (Macdonald): I wonder whether the minister could indicate, from the records under his hand, the sort of cases on which Mr. Taylor has been working, and if the minister could review one or two of those cases to give the committee an idea of what Mr. Taylor may have been doing.

Mr. STEVENS: The record at which I am looking does not give that information, but I may be able to give it in a moment.

Mr. MOTHERWELL: It is down cellar in a tea cup, I suppose.

Mr. STEVENS: I would suggest to my hon. friend that nothing is to be gained by that sort of language; it does not add to the dignity of the house nor does it help the amity of debate. I am prepared and willing to give to this committee all the information I can. A moment ago the hon. member said that all I had succeeded in demonstrating was that I knew nothing about my department. I do not wish to boast, but I am not afraid to meet the hon. member or anyone else in a discussion of the affairs of the department. I do not pretend for a moment to have mastered in detail all its intricacies, but this I certainly do: From eight-thirty in the morning until late in the evening I devote whatever energy, ability and time I have to a study of the affairs of the department, and so far as the Board of Grain Commissioners is concerned I leave the administration of the act very largely in their hands, as it is my duty to do. When I come to parliament with the estimates of the board I come fortified with as much knowledge as I have been able to gather to anticipate ordinary questions asked, and I can assure hon. gentlemen opposite, who, generally speaking, are pretty fair and sportsmanlike, that I am prepared to give as complete answers as possible on all matters relating to the department. In this instance I am quite prepared to grant that hon. members have a right to criticize; I do not object to that at all. But I do feel that it is not quite playing the game for the hon. member to suggest to the committee, and particularly to the public, that I have been so neglectful of my duty since taking office as not to know anything about the affairs of the department. That, I think, I have a right to resent.

Some hon. MEMBERS: Hear, hear.

Mr. MOTHERWELL: The rearguard think they have something to cheer about, but they have not. I was just referring to this branch of the Department of Trade and Commerce, the work under the grain act, which is the only matter before us at the moment. This is the second time this session that the hon. gentleman has undertaken to lecture me on the amenities of debate, although I have been fair enough to allow his ghastly mistake to pass with regard to the wheat which the government were holding over—saying that the government were not in the grain trade when all the time they were—and I excused him before Christmas on the ground that perhaps it was not in the best interests of the state to have the actual facts brought out. Now he takes me to task and picks me out as the chief sinner in criticizing him. Don't I remember when he was on this side of the house? If he had had his way not one of us would have had a square inch of hide left on us after he was through. And then to squeal now because we give him a little bit of his own medicine! As a matter of fact, the appointment was made by the hon. gentleman without knowing whether it

was necessary or not, and now he tells us, a year and a half afterwards, that he does not know whether the man's services were used by the farmers.

Mr. STEVENS: I made no such statement.

Mr. MOTHERWELL: The hon. gentleman has just said it. What did he say? The hon. member for Macdonald and two or three others have asked for information with regard to the suggestion about farmers falling prostrate before the hon. gentleman's appointee and asking for succour and advice at a time when they did not need it, and he lectures us. If he wants to keep his head on his shoulders he had better be civil himself. We do not always get him in the box he is in now. He had better come down the tree as the coon usually does when smoked out. We are not particularly concerned whether he comes down head first or tail first, but I suggest that it would be well for the hon. gentleman to admit that he is up against it instead of attempting to lecture us as he has been doing.

Mr. VALLANCE: I have listened with interest to what the minister has had to say with regard to the appointment of Mr. Taylor. Going through the evidence, I find a letter sent by the Deputy Minister of Trade and Commerce to the Civil Service Commission, setting out the reasons why the appointment should be made. During the discussion this afternoon, or at least that part of it that I have heard, I have not detected the real reason given to the Civil Service Commission. Let me quote from a letter written to the secretary of the Civil Service Commission by the Deputy Minister of Trade and Commerce:

> I have your letter of the 22nd instant and in reply beg to say that at the moment I cannot furnish definite information regarding the probable duration of the employment of Mr. Taylor.
>
> Matters have been cropping up from time to time which require his attention; and more especially now that the ten cent wheat bonus is being paid, many legal questions regarding the ownership of the wheat grown, etc., are having his attention. I would suggest if possible that the Civil Service Commission extend the certificate for another six months when the matter may then be given further consideration.

This letter was dated December 23 and was addressed by the Deputy Minister of Trade and Commerce to the secretary of the Civil Service Commission. I suppose the six months have expired, and it will be seen that he speaks here of a ten cent bonus, which was never ten cents at all, and which is no longer in existence. So that the reasons given by the department for the appointment no longer exist, and I think the minister would be well advised to cancel the appointment.

Mr. WEIR (Macdonald): Has the minister anything to show what work this gentleman is doing?

Mr. STEVENS: I have stated it over and over and my hon. friend has added one other duty which I overlooked; it is true he did give some service in that respect. As regards the individual cases, I am sorry I have not under my hand a statement containing that information. I understand there is an amendment before the chair to cut the item by $5,000. I am advised by the Board of Grain Commissioners that they have reduced their estimates as low as they possibly can consistently with proper administration, and we cannot accept the amendment. I have already said that the appointment is temporary. It has been renewed at the request of the department and the commission and I am quite prepared to say that, in the light of what is disclosed, the services may be discontinued at the expiry of the period.

Amendment negatived on division.

Mr. YOUNG: I asked the minister whether he had anything to tell us of the government's activities in the wheat market. When the committee of the House of Commons was investigating the grain marketing situation a few years ago, Mr. James Richardson told us that one of the principal reasons for the prevailing low price of wheat was the fact that the federal farm board of the United States was holding a quantity of wheat. A few weeks ago an announcement was made that the federal farm board had got rid of their surplus and since then the price of wheat in Chicago has been steadily advancing. We believe that the Canadian government, through Mr. McFarland, is holding vast quantities of wheat, but we see no corresponding advance in price here. When may we expect the government to get rid of the wheat which it is holding, with results similar to those obtained in the United States?

Mr. STEVENS: Let me point out in the first place something which I am sure my hon. friend knows, namely, that the price of wheat in Chicago has risen because the United States market is no longer on an export basis. It is virtually on a domestic market basis, and that is the chief reason for the rise. Canada, on the other hand, still is and in-

evitably will continue to be on an export basis; consequently there is not likely, through any local agency, to be any rise in price in Canada, except in so far as the price of wheat rises in the world market generally. Now, as regards the quantity of wheat which my hon. friend says is hanging over, let me say this: The official figures of the bureau of statistics show an anticipated carry-over of about 150,000,000 bushels. Of course, it is impossible to give precise figures. The movement of wheat this year has been very creditable. The following movements for export have taken place:

	Bushels
1931	217,000,000
1932	191,000,000
1933	239,000,000

These figures show that our wheat is moving out to the world markets in a fairly creditable and rapid manner. In my opinion, given for what it is worth—in the estimation of some it is not worth much—the world situation in connection with wheat is gradually and steadily improving. The obvious failure of the winter crop of the United States and the comparatively poor quality of the Argentine crop of the past season has changed the situation very materially. Russia was almost entirely out of the market last year and the indications are that she will not be in the market next year as an exporting factor to any great extent. The position has greatly improved over what it was two years ago. The position at that time was due to the heavy crop of 1928-29. The fact that the government through the agency of Mr. McFarland contributed to the stabilization of the wheat market in Winnipeg during the past two years does not necessarily enter into this picture. That was something which was done to prevent the cash wheat market from collapsing. I think every hon. member will admit the grave danger with which we were confronted during the last couple of years in the complete collapse of the cash wheat market. That collapse was prevented by the action taken by Mr. McFarland acting under the instructions of the government. We feel confident that the holdings which Mr. McFarland has and which are merely futures can be put forward in an orderly manner so as not to create a sudden break in the market. I do not know whether my hon. friend intended to suggest it, but I have heard the suggestion made that we should sell this wheat as quickly as possible. Such action would result in the complete collapse of the market. We intend to make possible a gradual liquidation of the surplus Canadian wheat. I suggest to my hon. friend and to others who are interested that the best and most helpful thing that can be done for this country and for the producers of this country is to have the surplus quantities of wheat fed on to the market in quantities that the market can bear. May I point out again that in my opinion the general world situation is such that the outlook is not too black.

[Mr. Stevens.]

Mr. YOUNG: The minister has stated that there is some 150,000,000 bushels of wheat still in the country. Can he tell us how much of that is in the farmers' hands, how much is in the hands of the trade and how much in the hands of Mr. McFarland?

Mr. STEVENS: That figure I gave was the likely carry-over but there is more than that in the country. I have not the exact figures before me but I think I can give them fairly well from memory and they may be subject to correction. According to the latest estimates there are about 80,000,000 bushels in the hands of the farmers. This is an abnormally large amount for this time of year. I think it can be accounted for very largely by the fact that the farmers more remotely removed from the head of the lakes and Vancouver and subject to additional freight charges have been inclined to hold their wheat.

Mr. GARDINER: Would that amount include wheat held for seed?

Mr. STEVENS: Yes. About a week or so ago there were about 69,000,000 bushels at the head of the lakes, 10,000,000 bushels at Vancouver and about 10,000,000 bushels in transit on our railroads and on the high seas. There are about 4,000,000 bushels in the hands of the milling companies, which is somewhat lower than normal—the normal holdings of the milling companies being about five to six million bushels.

Mr. DONNELLY: Will the minister compare those figures with the figures of a year ago?

Mr. STEVENS: I have not all the figures my hon. friend asks for, but I can give some of them. As at the end of March, 1931, there were 69,000,000 bushels at the head of the lakes, and as at April 1, 1932, there were 55,500,000 bushels. The amount at the head of the lakes this year is about 15,000,000 bushels over and above what it was a year ago. The amount held by the farmers would be about thirty per cent more than normal,

while the amount in the hands of the millers is less than normal. There is a little excess at Vancouver, amounting to probably one or two million bushels.

Mr. MALCOLM: I think the remarks of the minister are worthy of a good deal of consideration by this committee, because they have confirmed what I knew to be the case when I was occupying the position now occupied by the minister, namely, that the law of supply and demand as it applies to commodities like wheat cannot be changed by governmental regulations. I have a distinct recollection of making a statement in this house which was severely criticized. I said that as far as the trade commissioners were concerned they had nothing to do, nor could they do very much, in connection with the selling of a commodity like wheat. This commodity must find its own levels on the markets of the world. The minister has referred to the abnormally large crop of 1928-29 as having been a disturbing factor in the price of wheat a few years ago. He is perfectly right in stating that that was the disturbing factor. The minister states also that the present plan is to put forward this carry-over wheat in an orderly manner, but it must be realized that the opportunities which we will have to dispose of our wheat will not be caused by any action of the Canadian government or any action of any member of the Canadian government. These opportunities will be brought about by a world shortage or a need of wheat and the wheat will go forward just as fast as the markets can absorb it and will command the price the markets can afford to pay. One fact should be impressed upon the producers of such commodities as wheat; they should realize that the commodity which they produce is liable to be affected by weather conditions in various parts of the world. Wheat is a world commodity and must be sold at the prices prevailing upon the markets of the world. I think the minister's statement, when analyzed, will remove a lot of the nonsense that has been talked as to what can be done to control wheat prices. We have in this dominion, under this item which the minister is asking us to vote on to-day, the very finest wheat handling system in existence in any country, paid for by the producers; the taxpayers are not being asked to pay a cent of this item. Our certificate for Canadian grain is treated in the markets of the world as a final certificate.

There is another delusion that it is well to shatter when the minister talks about the growth of Canadian trade with Great Britain since the imperial conference was held. We have sold a great deal of wheat lately at a price that the world would pay for it, but that wheat has not all been consumed in Great Britain. It has been credited in our trade returns to Great Britain, but some of it has gone to other countries.

I rose for two purposes: one was to thank the minister for clearing up the situation by pointing out that it was the 1928-29 crop that caused such a surplus all over the world, because the crop was heavy. The minister pointed out also that Russia is not—and in my opinion it never again will be—a large exporting country. Only about five billion bushels of wheat are grown in the world and this is all consumed in the countries in which it is grown with the exception of 700,000,000 or 800,000,000 bushels. Russia cannot produce more than 1,100,000,000 bushels and has 160,000,000 people who need it all. If they raise the standard of living in that country they may need more. The days when the Russian peasant consumed black bread and Russia exported 300,000,000 bushels of their good grain have gone; the Russians will use more of their own grain as food, and I look forward to Canada coming back to her place as the greatest grain exporter of the world. Shortage of crop may make the 800,000,000 bushels needed very valuable. A long crop may throw an extra 500,000,000 bushels on the market and the price of course will be affected by the surplus so offered.

The second point I want to make is that European countries can do without wheat. France can consume her soft wheat; she can grow practically as much wheat as can the Dominion of Canada. Germany can use rye bread, and can substitute her coarser grain for Canadian wheat. The only thing that will stop Germany from using rye bread and that will induce France to use hard wheat is for this government to give those countries an opportunity to sell something to the Dominion of Canada. If a favourable trade treaty can be made to take some French commodities and another one to take some German commodities, the very high rates of duty prevailing in those countries against Canadian grain might be modified and we might have a still better market more willing to absorb this carry-over, while the price would reach a high level very much sooner than it would with these trade restrictions existing. Nothing should be more important to a country with 150,000,000 bushels of grain carried and financed by the taxpayers' money than to find an outlet at a high level. I suggest to the minister that the only way in which he

can find an outlet is to get favourable entry into countries like Germany and France which now have very high tariffs against us. If he wants that favourable entry, he will have to give favourable consideration to imports of commodities we may satisfactorily buy. The whole wheat situation revolves itself around the opportunity Canada has to trade.

Before I sit down, may I say that it is unfortunate—and the minister knows it, as well as I do—that France, Germany and other continental countries subscribe to the system of keeping their statistics on a country of origin and country of destination basis, while Canada, the United States of America and Great Britain subscribe to a system of export and import figures, regardless of the country of origin. Our trade returns of exports of Canadian wheat to Great Britain are invariably larger than is the actual consumption in Great Britain because, on the Liverpool Corn Exchange, she is the greatest jobber of wheat in the world and resells much of the wheat we ship to her. Nothing would be more valuable in computing what our actual British trade is than for the minister to be able to present—and I tried to get the figures but I never was successful—a statement of the actual consumption of Canadian wheat at all times and in all years by the British consuming public. If he were able to find that and show it to the Canadian people, I think the public would discover that we show very considerable quantities of wheat credited to Great Britain which are going from Britain to other markets.

So far as this item is concerned, I have no desire to hold it up. I have spoken, indeed, at greater length than I had intended. This matter is in the hands of an efficient board. I do not think we need this extra lawyer, but that is aside and apart, as the minister says now that he is not anxious to retain his services. Members of parliament on this side have joined with members of parliament on the other and great assistance has been given by members of the Progressive group, notably the leader of that group and the hon. member for Bow River, to make the grain act so clear, so plain, that I believe any layman can interpret it. I agree with the hon. member for Melville there are not many lawyers in Canada who are as familiar with the act as are members who sat on the committee on agriculture, and no one knows the act better than does Mr. Ramsay. Our inspection system is almost as close to perfection as perfection can be

[Mr. Malcolm.]

achieved. We have returned to the sensible idea that in order that grain may be handled, it must be hedged on the market. It cannot be taken off the market. I have a distinct recollection of Doctor Magill telling the committee that in 1922. He was right then, and the same thing is true now. Wheat is ripening in some country all the time and the sooner we realize we have to protect our position from day to day and take world market prices, profiting by the years when prices are higher and facing the situation when they are lower, not allowing any carry-over to disturb the market, the wiser we shall be as a wheat exporting country. When we realize we can broaden the scope of our market by entering into trade treaties with countries that can use our wheat, the wheat situation in Canada will improve. It is improving now owing to actual scarcity. I agree with the minister that the situation will improve during the coming season and before long we may be in a much more comfortable position with regard to wheat producing and marketing in this dominion.

Mr. YOUNG: I do not think the minister quite got the drift of my question. He said that there were some 80,000,000 bushels in the hands of the farmers, 69,000,000 bushels at the head of the lakes, 10,000,000 bushels in Vancouver, 10,000,000 bushels in transit and 4,000,000 bushels in the hands of the millers, making a total of 173,000,000 bushels. If there are in Canada 230,000,000 bushels, that still leaves 57,000,000 bushels to be acounted for. Let me explain the object I had in mind: it was to find out how much actual wheat we shall have to sell yet and also how much paper wheat is in the hands of Mr. McFarland on behalf of the government, which wheat will have to be disposed of. If the minister will tell us that, we shall have some light on the question.

Mr. STEVENS: I think my hon. friend is wrong in saying "also," because they run more or less concurrently, if I might use that term; the one is complementary to the other; if you have a contract for the delivery of wheat, that means that someone must deliver that wheat to you, and so on.

Mr. YOUNG: If he has purchased options, he has a contract not to deliver wheat but to take it.

Mr. STEVENS: And of course to pass it on.

Mr. YOUNG: Yes, to sell it.

Mr. STEVENS: Certainly. When I spoke before, I spoke entirely from memory. I have now before me from the bureau of statistics the exact situation on March 24, 1933. While the arrangement is a little different from what I gave, it will be accurate and I shall read it as I have it before me:

Stocks of Grain at Different Elevators during the Week ending March 24, 1933

	Bushels
Western country elevators	109,564,466
Interior private and mill elevators	5,608,863
Interior, public and semi-public terminals	3,170,610
Vancouver and New Westminster	9,990,449
Victoria	390,134
Prince Rupert elevator	301,695
Churchill	2,430,283
Fort William and Port Arthur	67,274,934
Eastern elevators—lake ports	14,298,249
Eastern elevators—seaboard ports	5,840,579
United States lake ports	5,758,644
United States Atlantic seaboard ports	951,552
	225,580,458

That makes a total of 225,580,458 bushels.

Mr. HANSON (Skeena): Is there any statement with regard to the Prince Rupert government owned elevator?

Mr. STEVENS: Yes, a very small amount, hardly worth mentioning, 300,000 bushels.

Mr. VALLANCE: How long has that been there?

Mr. STEVENS: It passes through. They are not shipping very much. It is rather an unfortunate thing that the elevator is there. The situation generally, in my estimation, as the hon. member for North Bruce said a moment ago, is improving because world conditions are improving. There is no question about that. It may be, and I am a bit hopeful of this, that Canada will actually profit by the conditions that seem to be developing throughout the wheat world to-day. The only thing that could intervene to prevent it would be one of those phenomenal crops all over the world simultaneously, such as actually did occur in 1928-29, but that is a most extraordinary and unusual thing to happen. We do not expect it, and so I believe that Canada will actually benefit from this improvement in conditions. I do not know that there is anything that I can add. I do not wish to prolong the discussion, but these facts I think are useful and illuminating and encouraging.

Mr. HANSON (Skeena): The minister said that it was unfortunate that there was an elevator at Prince Rupert. That is a remark that I cannot let pass unchallenged. That elevator was built in Prince Rupert and taken over by the government. It was built under the pretence by the government of the day that the port of Prince Rupert would be one of the outlets for grain from British North America. For the benefit of the house I wish to state that wheat can be shipped to the Pacific coast more cheaply to Prince Rupert than to any other port on the Pacific coast. I have taken this matter up with the minister and he has given due consideration to seeing that at the next renewal of the lease with the wheat pool a certain amount of wheat shall go through that elevator at Prince Rupert each year. I must, however, challenge his statement that it is unfortunate the elevator is there. I repeat, that it is cheaper to send wheat to Prince Rupert owing to the grade on the Grand Trunk Pacific railway than it is to any other port on the Pacific coast. We have a harbour in Prince Rupert second to none on the Pacific coast from South America right up to Alaska. The minister knows that, and I hope he realizes that as a representative of British Columbia in the federal cabinet he does not represent only one portion of British Columbia but the whole province.

Mr. YOUNG: I really admire the skill of the minister in answering questions, but to my mind he has not cleared up the situation yet. Everybody knows that when the miller is not buying wheat, then in order to have a market at all, wheat is sold to the speculator. Now the impression throughout the country is that there will be this year a carry-over of 158,000,000 bushels to be disposed of. That will be sold by Mr. McFarland or by the grain trade. In addition, it is believed that Mr. McFarland carries large numbers of options which he has bought against wheat he held previously and which must still be sold. When the speculator comes into the market to buy, these options will be offered to him in competition with the actual wheat we have to sell. Is that impression which is abroad correct? Are we carrying large quantities of options in addition to the carry-over of 158,000,000 bushels of actual wheat?

Mr. STEVENS: I do not agree with the form in which the hon. gentleman puts the situation. I will answer as frankly as I can. It is true that Mr. McFarland is carrying a certain number of options, and it is true that there is in Canada a certain quantity of wheat. Obviously when the purchase of Canadian wheat gradually increases, as we hope and feel confident it will, then the trading in wheat will develop and these options can be absorbed by the market.

The point I was making to my hon. friend a moment ago was this. He suggested, perhaps not definitely but I gathered that that was his suggestion, that we should get rid of these options as quickly as possible. If we did that, we would break the cash wheat market, which is of course the very thing we ought not to do. You can only sell as the market is able to absorb, and if the pressure on the market exceeds the ability to absorb, the market falls inevitably as night follows day. If we were to do what has been suggested and get rid of these options, the market would fall and it would destroy the world market because Winnipeg after all is perhaps the most influential centre in the world where wheat is marketed, and wheat prices are fixed. Further, the opposite of that is true. When Canadian wheat was pressing on the market during the past couple of years faster than the market could absorb the actual wheat, there was no speculative buying on the market because it was a falling market, and because of disturbed conditions throughout the world. It was then that Mr. McFarland was authorized to step into the market and take up these options. Otherwise the pool would have had to stop buying the farmers' crop and there would have been a disorganization of the whole wheat-selling system of western Canada. The service that has been rendered has been invaluable in steadying the cash wheat market, and those after all are the figures to examine for the real condition—the wheat actually being shipped and the cash sale price in Winnipeg. Those are the most important factors; the rest is adjustment.

Mr. STEWART (Edmonton): I want to take issue with the minister in that statement which he has made several times in this house. I happen to be on the producing end, and am therefore a seller of wheat. I have to sell my wheat in the fall. The large stocks of wheat which the government were carrying in the fall when the new wheat came on the market did not help the situation very materially. That was not their fault. But I do point out to the minister that in October and November of last year large quantities of wheat were thrown on the market by Mr. McFarland, and that action broke the price for me and every other producer in Canada. When the minister tells us in the House of Commons that the action of this government through Mr. McFarland in 1932 saved money for the farmers of western Canada, he is telling us something that cannot be borne out by the facts. No matter what Mr. McFarland may have done in 1931, in 1932 he certainly did not help the situation. He may be helping it now by keeping wheat off the market, but I can name three occasions upon which he threw very substantial quantities of wheat on the market and broke the market by five cents a bushel. That is what happened to me. I am one of those who happened to pay the piper. I began selling wheat locally for 37 cents per bushel. Before I got through the market was at 28 cents, and it went away below that. If wheat will not leave Canada when the farmers of Alberta are getting less than 30 cents per bushel for No. 1 northern, then I do not know when wheat will leave this country. I say, Mr. Chairman, that the work of John I. McFarland and the support of this government of the wheat market was not worth anything this year. It may be that they were in for a very heavy carry-over, and had to get out from under, but when they took action this year they certainly did not help the farmers of western Canada.

I hold in my hand an order in council passed on the twelfth of this month about which I was going to ask the minister. In it the government seek authority to sell grain. I do not know why they ask for that authority because they can sell grain at any time. The order in council renews the guarantees to the banks and to those whom they have been backing. Now they are going to get out of the market. Apparently that is so, if this order in council is correct, because it states:

> The minister recommends that the governor in council may at any time fix and determine a date at which wheat producers shall proceed to sell and dispose of all wheat and other grains in its possession or control acquired under the guarantee of the governor in council, and shall proceed to sell and dispose of all contracts, entered into and falling within this guarantee, for the future delivery to it of wheat and other grains.

I cannot see the necessity for such a provision in an order in council, because ordinarily they may sell wheat if they see fit. I do take issue with the minister when he states that in the marketing season for 1932 Mr. McFarland and the stabilization fund were worth anything to the farmers.

Mr. DONNELLY: As I understand it, in 1930 when the pools were in financial difficulties Mr. John I. McFarland was appointed by them to act as the head of their selling agency and to sell the carry-over of wheat from 1929 and 1930. I tried to get from the minister on April 15 of last year some idea of Mr. McFarland's activities, and we are still endeavouring to get that information. We have not got it yet. I ask the minister: How much wheat was given to John I. McFarland by the

pools to sell? That is my first question. That was the office to which he was appointed; that was the job given him to do, namely to sell the carry-over of the pool. First of all we want to know how much wheat was given to him. Next we want to know how much of that wheat he sold; how much has he still left on his hands? As we find that later on, at the instance of the government, he has taken on other activities, we want to know how much future wheat he has bought. How much he has bought for future delivery?

Mr. POWER: And at how much?

Mr. DONNELLY: Yes. How much has he sold, and how much is he still carrying? When we asked the Prime Minister this question last fall we were told that we would be given the information when we reached the committee stage. We are asking for it to-day. The minister comes along now and tells us that had it not been for the activity of Mr. McFarland in the wheat market last year, dear knows what would have happened to the pool. I say the pools were not in any worse condition than the grain trade; they were in the very same position. They were buying and selling wheat from day to day. The minister knows as well as anybody else that because the government was in the grain market, because the government was in on the wheat market, all the small speculators left the market and would not go near it. They were afraid to touch it. The small speculators were driven out, and that is why the government was in. Further, I want the minister to tell me how much Chicago wheat was sold on the Winnipeg market and was bought by the government through John I. McFarland. How much wheat was sold there by Chicago speculators? We are told that the Americans were buying large quantities of wheat in the Minneapolis and Chicago market, which they sold in Winnipeg. How much did they buy and sell? We want to know.

Mr. STEVENS: Obviously it is impossible for me to answer the questions the hon. member has asked. In the first place he is mixing two entirely different activities.

Mr. DONNELLY: I am not mixing them at all. I have set them out separately and distinctly.

Mr. STEVENS: As I recall the facts, the pools of western Canada—and in this statement I speak subject to correction—the three western pools were associated and operating together in the marketing of their wheat abroad. This was prior to the fall of 1930. For a great many years they had been successful, as the market had been largely a rising market. Everything worked profitably and I believe satisfactorily. In 1930, difficulties arose in the world market. We will not go into details, but I will make the simple statement that difficulties were experienced in the marketing of wheat. The three pools, operating through a western pool selling agency—

Mr. VALLANCE: The central selling agency.

Mr. STEVENS: —secured the services of Mr. McFarland to act for them. That is an arrangement between the pools and Mr. McFarland, and has nothing to do with the matter.

Mr. VALLANCE: No, that is not correct —excuse me for saying so. I think the minister will agree that when John I. McFarland took over the central selling agency of the pools it was done on the say so of this government. Only on that understanding, namely that John I. McFarland took it over, would they guarantee the bank.

Mr. STEVENS: No.

Mr. VALLANCE: The Prime Minister said so.

Mr. STEVENS: I am not prepared to accept that statement. I shall not enter into an argument about it, but I cannot accept the statement of my hon. friend. However, the fact is that Mr. McFarland was retained by the pools for the purpose of managing the selling agency. Synchronizing with that was a request from the pools for assistance, also a request from the provincial government. The pools were in financial difficulties and owed the provincial governments considerable money. If I am not mistaken the amount in question was about $23,000,000, but I speak entirely from memory and am subject to correction. The government did guarantee the banks against that loss. That guarantee is still outstanding, and unless I am very much mistaken the order in council to which reference has been made is one of the renewals of the original transaction.

Mr. POWER: With a little more added.

Mr. STEVENS: I believe it is a renewal.

Mr. DONNELLY: Is this the same guarantee under which hedges are being bought?

Mr. STEVENS: I would say this is a renewal of the original order, and—again speaking subject to correction, because I have

no documents before me—is the order under which the purchases are being made under the stabilization scheme.

The hon. member asks me this question: Under these circumstances how much wheat did Mr. McFarland take over from the pools? Mr. McFarland and the government did not take over any wheat. All Mr. McFarland did was to step in and manage the selling agency of the pools, thereby carrying on their business. The government guaranteed the banks against loss in the transaction, thereby making it possible for the banks to continue financing the pools. So far as the government is concerned, that is all that happened. Had we not done so there would have been a liquidation, which would have been one of the worst things that could possibly have happened to western Canada, involving, as it did, all the fixed assets of the pools, such as the elevators and other assets, scattered throughout all four western provinces. The action of the government preserved that situation, and enabled the banks to finance the pools so that business could be carried on in a normal way. They have been carrying on since, and I am convinced that ultimately the pools and the banks of the western provinces will come out of this whole business without any serious loss. I do not think there will be any loss.

Then my hon. friend asked how much wheat he took over. I cannot answer that question, but it is not germane to the discussion. The hon. member also asked how much wheat he sold. He took over whatever wheat they may have had in store at the time and he sold that wheat plus whatever they bought during his term of office.

Mr. DONNELLY: No, he has not had anything to do with the wheat since the carry-over of 1930. He has had nothing to do with the selling of the 1931 or 1932 wheat.

Mr. STEVENS: He continued to act as manager of the sales agency up to a certain time, but I am not certain of the date.

Mr. DONNELLY: His term is not ended yet.

Mr. VALLANCE: Is John I. McFarland manager of the central selling agency of the pool at the present time?

Mr. STEVENS: There is a matter which introduces itself here which complicates the question very much. The pools split up at some point. My hon. friends have me at a great disadvantage, because I cannot carry in my mind the exact dates, but I believe they split up at the end of the crop year 1930-31.

[Mr. Stevens.]

The pools as such ceased to operate as a central selling agency, and my impression is that this was done at the end of the crop year 1930-31, which would be in July, 1931. Since then the central selling agency has not functioned in regard to the handling of the wheat crop of the three western pools.

Mr. VALLANCE: I hold in my hand an order in council which was passed on April 10, 1933, in which I read:

> The minister recommends that the governor in council may at any time fix and determine the date at which wheat producers—

I presume that means Wheat Producers, Limited, which John I. McFarland has been operating as manager of the central selling agency.

> —shall proceed to sell and dispose of all wheat and other grains in its possession or control.

Has the government, the minister or the governor in council taken over that function, previously performed by John I. McFarland, of selling the wheat now held by Wheat Producers, Limited? They have done so, according to this order in council.

Mr. STEVENS: This question is too complicated to discuss from memory or on the basis of just one order in council. About two months ago I was informed that there was still some of the 1930 wheat on hand, but I think that is down now to a very small amount. This order in council necessarily must carry through, until the whole operation is completed, the power inherent in the first order in council. That is why the terms of the first order are repeated.

Mr. POWER: This is the first time this appears in any order in council.

Mr. VALLANCE: The minister has stated already that John I. McFarland was not engaged by the government. Then we find an order in council which says that at any time the governor in council may perform the functions heretofore performed by John I. McFarland.

Mr. STEVENS: My hon. friend has misunderstood me. I said that so far as the original contact of Mr. McFarland with the selling agency in 1930 was concerned it had nothing to do with the government, except so far as the hon. member for Willow Bunch and my hon. friend suggest that the government urged that he should be appointed. I am not going to dispute that. I have no knowledge of its being done, though that may be so. The fact of his employment, however, had nothing to do with the government. He acted for the three pools as head of the

selling agency, but his appointment did synchronize with the undertaking of the government to guarantee the banks against loss in connection with the operations of the pools at that time. Now there enters another factor, that is, this stabilization of the market.

Mr. VALLANCE: Before the minister leaves that point I wish he would correct me if I am wrong in this suggestion: Was it not the undertaking of this government that they would guarantee the banks against loss provided Wheat Producers, Limited, would appoint John I. McFarland as manager of the central selling agency?

Mr. STEVENS: I would say to my hon. friend that no such condition was imposed.

Mr. VALLANCE: Was the guarantee given before Mr. McFarland became manager of the selling agency?

Mr. STEVENS: If my hon. friends will permit me to say so, if what my hon. friend says is correct I am not trying for a moment to deny it. I would not hesitate to say, "God bless you; you are right." I would not have any objection at all to doing that; I am not objecting particularly, but if I can I should like to be accurate, and I have no knowledge of any such condition having been imposed.

Mr. DONNELLY: It is a matter of common knowledge in western Canada that the government had to guarantee the banks in connection with the money loaned the pools, and that before they would give that guarantee they insisted that the pools appoint a satisfactory man to sell this carry-over. Several names were presented from which one was to be chosen. Mr. Brownlee of Alberta was suggested, together with John I. McFarland, and I understood from common report that Mr. Brownlee would not accept. Mr. McFarland did take the position, and it was understood that this was one of the conditions imposed by the government.

Mr. STEVENS: Let me make it quite clear. Let us assume that this was a condition. I am not objecting to it at all; I am quite willing to accept responsibility for it, but in order to be accurate I must answer my hon. friend from my own memory, and I do not recall any such condition. So far as I am concerned, however, my hon. friend is quite at liberty to take that position if he wishes to do so.

Mr. DONNELLY: I am just telling the committee what is common knowledge in western Canada and I claim that my hon. friend, as Minister of Trade and Commerce, is in charge of this branch and should know what was done in that regard. This is our only opportunity to get that information.

Mr. STEVENS: My hon. friend is not quite correct there. This guarantee to the banks was dealt with by the cabinet, of course, but it had to be handled through the Department of Finance. I had nothing to do with that part of it at all.

Mr. DONNELLY: That may be quite true, but for all that the Department of Trade and Commerce had to look after the marketing of the wheat. What I should like to impress upon the minister, however, is that John I. McFarland's duty was to sell only the carry-over of 1929 and 1930; he has had nothing whatever to do with the pool wheat of 1931 and 1932. Anything Mr. McFarland has done in the wheat market since then has been at the instigation of this government, for whom he went in the market and bought futures or hedges; in any case he speculated in wheat, took a flier in the market. There is no doubt about that. You can call it by whatever name you like, but the ordinary man calls it gambling in wheat. I do not know of any other way to gamble in wheat; you can buy and sell futures or you can buy and sell what are called puts and calls, but that is not the common method. The ordinary way is to buy or sell futures. Not long ago the hon. member for Shelburne-Yarmouth accused the government of gambling in wheat, but according to the government there was no gambling at all; it was an extremely conservative form of doing business.

Mr. VALLANCE: The Minister of Trade and Commerce was one of the delegates who attended the imperial conference of 1930. With him went the Prime Minister, and the advisers in connection with wheat were John I. McFarland, Doctor Swanson and one of the officials now sitting in front of the minister, Doctor MacGibbon.

Mr. STEVENS: And Mr. MacPhail, head of the pool.

Mr. VALLANCE: The minister seems to remember that name well enough. He will remember also that after Mr. McFarland came back from the imperial conference some two weeks elapsed before he took over that position, and I believe it was suggested to him that the government would guarantee the banks only if the pools would accept Mr. McFarland as head of the selling agency. I cannot agree with the hon. member for Willow Bunch that to-day John I. McFarland is not

selling for the pool. If the statement of the hon. member for Willow Bunch is wrong I would like the minister or his official, Doctor MacGibbon, to correct it.

Mr. STEVENS: The situation is this. So far as the handling of physical wheat is concerned, Mr. McFarland acted for the pools for the 1930-31 crop year.

Mr. DONNELLY: Up to August 31.

Mr. STEVENS: Yes. There was a carry-over at that time. That wheat had to be put on the market in orderly fashion. Had it been put under pressure for liquidation it would have seriously affected the market. So far as I know, the pools at that time broke up through the combined selling agencies. They were now more or less in liquidation in any case; they were in the hands of the banks which were guaranteed by us. Then arose this situation. The pools had to fix their initial price according to their system—we will not bother our heads with just what the price was in different years; it varied and there were some difficulties in that regard. At any rate, they had to pay the initial price. Here again the pools had to go to the banks to get funds to pay that initial price and the government had to guarantee the banks against loss in that respect. The pools desired, as had been their custom in the past, to take all the grain offering by the members; that is the service they are supposed to render their members. Now, the wheat came on in the autumn months under a pressure greater than the fixed credit in the bank would permit them to absorb, and if the pools could not carry that wheat themselves, in their own account in the bank, then they had to sell options on the market in order to recoup their credit in the bank. I must differ with the hon. member for Willow Bunch, or whoever it was that said that Mr. McFarland went into the market and drove the speculator out. That is not the case. With the general world collapse and the falling market in wheat, the speculator, the so-called purchaser of options, disappeared; he disappeared in virtually all markets and there were not sufficient buyers of futures in the market to absorb the offering. We were consequently again confronted with a possible collapse of the market, and it was then that Mr. McFarland was authorized, some months after the end of the crop year. to stabilize, that is to say, to take up these futures in order that the pools who were hedging on the market against their physical purchases of farmers' grain might be protected in their bank credits. The result of that operation has been an accumulation.

[Mr. Vallance.]

My hon. friend from West Edmonton a moment ago made an analysis with which I will not quarrel, but I would invite him and other hon. members to try to see all sides of this story. I will not quarrel with him when he says that the holding last year, in so far as it related to last year's crop, was not of great value, but I would ask him to remember this. Had the weight of the physical volume of the wheat been poured upon the market, and if the carry-over of last year, which was 130,000,000 bushels, had not had someone to carry it, someone who could carry it, then the wheat condition would have been worse than it was. That is the point the hon. gentleman overlooked; he did not give due weight to it. Someone who was financially capable of carrying it had to be found, and we alone could. We are carrying it to-day and, I think, successfully, and I hope that we shall be able to liquidate the situation without serious loss ultimately.

Mr. POWER: I wish to read one order in council dealing with this matter, P.C. 2239, dated September 12, 1931:

The committee of the Privy Council have had before them a report, dated September 11, 1931, from the Minister of Finance, submitting that the economic depression prevalent in Canada, in common with all other countries with which Canada has business relations, is intensified in the provinces of Manitoba, Saskatchewan and Alberta by a partial crop failure, and the difficulty of finding a market for the exportable surplus as rapidly as deliveries are made by the farmer of wheat and other grains grown in the year 1931 in these provinces is apparent. There is need, therefore, if unemployment and distress are not to grow greater, not only in these provinces but elsewhere in Canada, of making immediate provision to enable the farmers in these provinces to sell at market rates or secure reasonable advances upon delivery of their wheat and other grains to the marketing agencies possessing the facilities for marketing the crop. These marketing agencies are:

Manitoba Wheat Pool, wtih its subsidiary, Manitoba Pool Elevators, Limited.

Saskatchewan Cooperative Wheat Producers, Limited with its subsidiary, Saskatchewan Pool Elevators, Limited.

Alberta Wheat Pool, with its subsidiary, Alberta Pool Elevators, Limited;

but they, while possessed of a certain amount of cash, do not possess adequate financial resources warranting banking advances that will probably be necessary. Representations have been made by the respective provincial governments, already burdened by obligations arising out of the marketing of the 1929 crop, for assistance from the government of Canada.

The committee, therefore, on the recommendation of the Minister of Finance, advise that repayment of advances made by any chartered bank to any of these marketing agencies, and interest thereon as may be agreed upon between the banks and such marketing agencies in connection with and for the purpose

of marketing said wheat and other grains. be guaranteed by the governor in council under the authority of the Unemployment and Farm Relief Act, 1931, under the conditions and to the extent hereinafter mentioned, to wit:

Then it refers to each of the wheat pools and goes on:

(d) That security upon the wheat and other grains be taken by the banks under the provisions of the Bank Act;

(e) The extent of the guarantee shall be limited to the maintenance at all times of a fifteen per centum margin in the securities so taken.

When, in the usual course of accounting and auditing from time to time, it is ascertained that the margin of fifteen per centum is impaired, the liability under the guarantee of the government to the several banks shall accrue.

The committee further advise that in the event of impairment as above set forth further advances, under this guarantee may thereafter be made by the banks, the total not to exceed the respective credits originally established by the banks for the respective marketing agencies unless and until the Minister of Finance makes further arrangements with the banks for additional credits if such be required.

The committee further advise that payment under this guarantee shall be made out of the consolidated revenue fund for the respective balances, if any are owing after the marketing agencies have sold and realized upon all or practically all such wheat and other grains in their possession or control and application of the amounts realized, less expenses, has been made against bank advances and interest, and thereupon the governor in council, on the recommendation of the Minister of Finance, shall determine the date at which payments are to be made in pursuance of this guarantee.

That is one order in council. There was another one dated September 28, 1931, and others, a large number of them, down to the latest, April 10, 1933. Now, it is nearly two years since this first order in council was passed and we have never been able to ascertain from the government exactly what the extent of their guarantee was. I do not care whether it was McFarland or anyone else, the government has backed, endorsed and permitted people acting on its behalf to gamble in wheat. It does not matter whether you call it buying hedges or buying futures, they gambled in wheat. They dealt in a commodity they did not have. They bought options for the future delivery of wheat. Very early in his regime the Prime Minister brought Sir Josiah Stamp over from England to find out whether it was moral to deal in futures. I am not sure that at the very time Sir Josiah was investigating this matter the government was not playing the market. I do not know whether the Prime Minister's conscience was bothering him after he started to deal in wheat, but the fact is that an Englishman was brought over here to tell us that it was permissible and perhaps a good thing to gamble in wheat. I do not think that is sufficient justification for any government to take the money raised by the taxpayers and throw it into the wheat pit like any vulgar speculator. That is what happened.

But there is something still worse than that. Either through incompetency, a lack of the knowledge of finance or for some other reason, we have never been able to find out just where they stand. Many of us gambled in the stock market and we were always able to find out from our brokers just where we stood. We were called for margins upon all occasions and the government must have been called for similar margins. The minister shakes his head but I should like to know if they were not called upon for margins when wheat went to thirty-eight. If they were dealing with brokers and they were not told that their guarantee called for such and such an amount of money, then they had a blanket guarantee. The wheat market is really worse than the stock market as far as gambling is concerned. Lord knows, most of us know how bad the stock market was. We bought Nickel on margin and we bought Auburn automobile, which I consider to be about the worst gamble, on margin, but we knew the condition of our accounts. If rumours are correct this government has been speculating in hundreds of millions of bushels of wheat and they are not able to tell the taxpayers the extent of their gamble. That seems to me to be an unfortunate situation. Apparently there is no accounting to parliament. To the ordinary person who does not know anything about wheat the explanations given as to the wheat pools and Wheat Producers, Limited, and so on are more or less incomprehensible. However, everyone does know that when you play a market, whether it be the stock market, the mining market or the wheat market, you are able to find out whether you are ahead of or behind the game. The taxpayers have never been able to find out from the government just where they stood.

We are told that because of conditions in other countries we may have a win on our gamble, but is that any justification for the action taken by the government? Any bank clerk absconding with a bank's funds can always say: if I had continued to gamble I would have been able to make restitution. But that does not save him from criminal prosecution. To-day the minister told us with a certain amount of pride: we are going to get out and we may make some money. I do not know of any gambler who does not think the same thing. Everyone in the world

who goes into a gamble believes he is going to make some money but that is no justification from the moral or economic standpoint. It looks as though we may make some money out of it because this last order in council says that the governor in council may at any time fix and determine the date at which Wheat Producers shall proceed to sell and dispose of all wheat and other grains in its possession or under its control acquired under the guarantee of the governor in council. There must be a very intimate relationship between Wheat Producers and the government if the government can by order in council order Wheat Producers to sell. If it was an ordinary transaction of guarantee I do not think they would have the right to order them to sell, but here they say by order in council: you must sell. In order to be able to do that, Wheat Producers must be the agents of the government. I cannot interpret it in any other way.

Mr. STEVENS: Is it not reasonable where one party guarantees another that there should be some safeguarding power so that they can at any time force, if you like, the one guaranteed to liquidate?

Mr. POWER: Surely, and I am not complaining about that.

Mr. STEVENS: It is a reserve power.

Mr. POWER: What we have heard all through has been the statement that the government are not in the market, that they are merely giving a guarantee; but I am trying to show that if they can give an order to their agents to go ahead and sell, they possibly gave an order to go ahead and buy. If they gave an order to go ahead and buy, it was gambling. I do not see any other interpretation that can possibly be made of this action. If they can tell them they must sell, they can give them an order to buy. If they gave them an order to buy stuff to be delivered at a future date when they did not know the price, it was gambling.

Mr. DUFF: Who will get the profit, if there is any?

Mr. POWER: I assume the government will.

Mr. DUFF: Then they are not guarantors, they are in the deal.

Mr. POWER: They are in the deal and they were up to their necks when the price was thirty-eight. The order in council reads: "application of the amounts realized," that is the swag from the gamble, the kitty. It continues:

[Mr. Power.]

> Application of the amounts realized, less expenses, shall be made against such advances and interest, and thereupon the governor in council, on the recommendation of the Minister of Finance, shall determine the date at which payments are to be made in pursuance of this guarantee.

If we are lucky we may get a little money for unemployment relief, and that will not be such a bad idea. We would have as much chance to relieve unemployment through gambling as we would have through some of the other policies of the government.

Mr. SPEAKMAN: It is just as good as a sweepstake bill for hospitals.

Mr. POWER: At any rate I stated its purpose quite frankly. There was no hypocrisy about it, I admitted it was gambling. The final paragraph of the order in council of April 12, 1933, reads:

> The minister finally recommends that should the Relief Act, 1933, expire and no renewal or further extension of the powers therein contained be then exacted, and any portion of such advances or interest to wheat producers be unpaid to the said banks, wheat producers shall proceed to sell and dispose of all wheat and other grains, if any, in its possession or control acquired under the guarantee of the governor in council and shall proceed to sell and dispose of all contracts entered into and falling within the guarantee of the governor in council for the future delivery to it of wheat and other grains. Application of the amounts realized, less expenses, shall be made against such advances and interest, and thereupon the governor in council, on the recommendation of the Minister of Finance, shall determine the date at which payments are to be made in pursuance of this guarantee.

I am not quite sure just what that means, but it looks as though when the Relief Act, 1933, is about to expire the government will be able to come to us and say: Unless you pass this act at once we are going to dump so many million bushels of wheat upon the market, and think what the results will be in western Canada! I cannot see any other reason for it. They are going to order the sale of this wheat before the Relief Act expires, and if it does not, apparently the wheat will have to be disposed of.

There is one other point: I have not the order in council before me, but perhaps the minister can give some explanation of it. It is an order in council passed a month or so ago, dealing with advances made to farmers. It is all mixed up and rather confused in the minds of those who are not familiar with the wheat situation. It relates that an advance of thirty-five cents has been made under the pool plan as an initial payment to the farmers. It goes further and relates that it is not likely that any additional payment would be justified. Then it says further that even

though such additional payment may not be justified, the government authorizes an interim payment of five cents a bushel to persons who have delivered their wheat under the pool plan and that such wheat amounts to about 13,000,000 bushels. As I interpret this order in council, it means this: that people in western Canada who were hard pressed for money last fall and sold their wheat outright will receive only the amount which they got at that time; that those who were able to hold their wheat and carry it according to the pool plan, received an initial payment of thirty-five cents and will now be given five cents more than the men who were so hard up that they had to sell. If that is the wrong interpretation, I shall be glad to get an explanation from the minister.

Mr. STEVENS: The hon. member is not quite correct in his interpretation of that last order in council. It will be understood very readily by all western members and, I think, by most members, that in the operation of the wheat pool system, the pool at the commencement of the season makes an estimate, which is usually supposed to be very conservative, of what wheat will bring throughout the season. Then for its initial payment, it fixes a price with a safe margin below that estimate. During all the years of the operation of the pool, with the exception of one or two in these very recent years of distress, the market upheld the expectation. The consequence was that the intial payment was invariably followed by one, two and, I think in some cases, three subsequent distributions. The final distribution would not occur until the pool had disposed of that particular crop year's purchases. In the instance my hon. friend has mentioned, the pool fixed a price of thirty-five cents.

Mr. STEWART (Edmonton): What year?

Mr. STEVENS: That would be for the current crop year.

Mr. VALLANCE: At the head of the lakes.

Mr. STEVENS: Well, at the point where it is always fixed, thirty-five cents at the head of the lakes, but that is standardized. Then later in the season, had they been free of any obligation to the government, they would of their own volition have made a second payment, a dividend as they call it, if they had earned that dividend in the sale of their grain. In this case they had earned that dividend, but they could not pay it without authority of the governor in council because of the various guarantees against them.

Mr. STEWART (Edmonton): The guarantee of 1931 is still the guarantee?

Mr. STEVENS: The original guarantee. The point I would like the committee to grasp is this: If the government had wished, let us say, to be exceedingly exacting, they might have refused and said: Until you liquidate the original guarantee, that is the one which protected their elevators, their other property and all the rest of it, we will not authorize a further dividend. But that would have been obviously unfair, because that guarantee is being liquidated by a long process and over a long period of time. So the governor in council permitted the pool to pay a dividend in this case, and I think it was a fair and proper thing to do, wholly in the interests of the farmers.

Let me turn to my hon. friend's rather lengthy, humorous—

Mr. POWER: I was quite serious at that time.

Mr. STEVENS: —and fairly reckless dissertation of a few moments ago. This matter is not just a cheap gamble.

Mr. POWER: It is a very extensive one.

Mr. STEVENS: It has nothing to do with ordinary gambling in the markets. This is a very serious matter and it amounts to this: There are two ways in which this wheat can be marketed; one way is the elimination of the grain exchange in Winnipeg and the physical wheat to be offered for sale and purchased as the purchasing market will absorb it. If that method were resorted to in Canada you would have a pressure of Canadian wheat in the world market in the autumn months. As long as the market is such that it can absorb that pressure, Canada's returns will be the fair world market value. But at the present time and for the last four years in particular—and the same may be said of previous periods of time—nothing but chaos and disaster would have resulted to the Canadian seller of wheat had that course been followed. There is no escape from that.

What is the other method? It is that which has grown up over a long period of years. I remember, and my hon. friends in the far corner opposite will remember, that many a time in the committee on agriculture this point has been raised and debated. We have urged the farmers to hold their wheat back and to feed it more slowly into the market. That is fine in theory, but the farmer must pay his taxes; he must put in his stock of food and so on for the winter. So he presses his wheat on the market in the fall. This is his practice and there is no

need of our questioning whether he is wise or the reverse; he does this. If he presses his wheat on the market and there is no one to buy the futures, to hold them and to carry them forward for a period of three or six months as the case may be, I believe the market will break. What the grain exchange does is this: it permits buying for later delivery by those who desire to use the wheat later on, for instance, milling companies which want delivery in May, or people who are bona fide exporters, who want to anticipate foreign requirements over a period of months, or speculators. It must be borne in mind that it is not only irresponsible speculators who buy futures. Let us not for a moment get that idea.

Mr. POWER: We know that.

Mr. STEVENS: We know there is the element of the irresponsible speculator, but there is the exporter who is providing for his normal requirements over the whole period and there are the milling companies and other agencies which are bona fide dealers in wheat. They come forward and carry this wheat during a period of time that permits the farmer to dispose of his wheat for cash and by that system and the negotiation of those contracts in the banks bona fide concerns and speculators are enabled to carry those futures over a long period of time. It was to perform that function in part that the government authorized this purchasing of futures to which my hon. friend has referred.

I want to emphasize again, as I did before, that it is a matter of opinion whether the government should or should not have done it, but it is not open to question that in doing it they rendered a service to the market. I wonder if my hon. friends, particularly my hon. friend from Willow Bunch and hon. members from Saskatchewan, Alberta and Manitoba, would take the opinion of those responsible for the operation of the big wheat pools of western Canada.

Mr. DONNELLY: No.

Mr. STEVENS: I suppose not.

Mr. MOTHERWELL: They were in a position where they had no say in the matter.

Mr. STEVENS: I have just been given to understand that it is desired that the committee rise and report progress, and I now move accordingly. We shall have to continue the consideration of these estimates at some future time, but I do ask hon. members of the committee to give thought to the welfare of the pools in whose interest and support this operation was carried on.

[Mr. Stevens.]

Progress reported.

On motion of Mr. Bennett the house adjourned at 5.45 p.m., until Tuesday, April 18

Tuesday, April 18, 1933

The house met at three o'clock.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): I desire to lay on the table of the house certain orders in council passed pursuant to relief legislation.

PENSION ACT AMENDMENT

Hon. MURRAY MacLAREN (Minister of Pensions and National Health) moved that the house go into committee at the next sitting to consider the following proposed resolution:

That it is expedient to amend the Pension Act to give effect to certain recommendations of the committee appointed to investigate the administration of the act; to provide for the elimination of various provisions relating to the pension tribunal; and for an increase in the number of members of the commission and to prescribe their tenure of office; for the continuation of the pension appeal court as a court of appeal and of review; for the appointment of an ad hoc judge as a member of the pension appeal court and his remuneration; for the appointment of a travelling inspector of the veterans' bureau, and of pension counsel, and a reviewing officer; for the payment of awards by the comptroller of the treasury, and generally to simplify and improve procedure under the act.

He said: His Excellency the Governor General, having been made acquainted with the subject matter of this resolution, recommends it to the favourable consideration of the house.

Motion agreed to.

RELIEF CAMPS

On the orders of the day:

Mr. JOHN VALLANCE (South Battleford): Will the Minister of Labour please inform me whether it is the intention of the government to continue the relief camps for single men after the thirtieth of this month. In Prince Albert national park there are ten such camps, and the men are performing a very necessary work. Is it intended to continue these camps?

Hon. W. A. GORDON (Minister of Labour): The continuance of the relief camps referred to is at present under consideration. I agree that the men in these camps, in places at least, are doing very useful work and the desirability of their continuance in this work

is under consideration. In plenty of time notification will be given as to the policy to be pursued.

PRIME MINISTER'S VISIT TO WASHINGTON

On the orders of the day:

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): May I ask the Prime Minister whether he will go to Washington next week in the capacity of negotiator, like the Right Hon. Mr. MacDonald, or in the capacity of observer like Mr. Herriot, and whether he will be accompanied by experts. If so, who are they?

Right Hon. R. B. BENNETT (Prime Minister): It is the intention of the Prime Minister to go to Washington. He will not be accompanied by experts.

CANADIAN LEGION

On the orders of the day:

Mr. A. E. MUNN (Vancouver North): I have a question to ask the Minister of Labour. It is based on a report appearing in a newspaper published in my riding. The Canadian Legion made an appeal to Victoria, the capital of the province, for further assistance for the unemployed and to take care of those being evicted. The answer came back from Victoria, from the Minister of Finance, to the effect that in his opinion the allowances were inadequate but that they were doing the best they could, and that, in the meantime, the federal government was in arrears to the province to the extent of $2,000,000. Is that report correct?

Hon. W. A. GORDON (Minister of Labour): The question only illustrates again the undesirability of relying upon newspaper reports. The hon. member was good enough to intimate to me that he would ask the question. The Dominion government does not owe the province of British Columbia $2,000,000; $185,910.42 is the total of the accounts at present in the Labour department, $100,000 of that amount of accounts being received only to-day. It takes about five days to a week to have the accounts passed through the various departments of government for payment. I can assure the hon. member that the report in the newspaper is not correct.

Mr. MUNN: My private opinion is—

Mr. SPEAKER: Order.

Mr. MUNN: —that the Victoria report is incorrect.

RADIO BROADCASTING

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): I desire to direct a question to the Minister of Marine. Has the radio commission or the department under the minister taken over the broadcasting station at London, Ontario, which has been controlled by the London Free Press?

Hon. ALFRED DURANLEAU (Minister of Marine): I will take the question as a notice and refer the matter to the radio commission and give an answer later.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Wednesday, April 12, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes—Mr. Manion.—Mr. Gobeil in the chair.

On section 3 (h)—Tribunal.

Mr. MACKENZIE (Vancouver): An amendment had been moved by the hon. member for Swift Current (Mr. Bothwell) to subsection (h) of section 3. As I recall it, the discussion was in connection with a point raised by the hon. member for Shelburne-Yarmouth (Mr. Ralston) as to whether the Canadian National system could abandon lines without the consent of the Board of Railway Commissioners and the governor in council. The opinion of the hon. member was that inasmuch as the Canadian National company had taken over the operations and management of the entire structure, no portion could be abandoned without the consent of the Board of Railway Commissioners and the authority of the governor in council. The committee was discussing this point when it rose at six o'clock on Wednesday and I was wondering whether the minister had looked into the matter and was prepared to make a statement.

Mr. MANION: It is the desire of the government that this bill should be as acceptable as possible to all sections of the house, and to that end, I intend to make a suggestion. Before making this suggestion, may I say that the Duff commission were very strongly of the opinion that as far as possible we should endeavour to have the National railways so managed as not to be subject to pressure of any kind either from members of the house or members of any government. In other words, it was felt that in so far as it

was possible we should endeavour to place the Canadian National Railways in such a position that they could be managed as a private railway company would be managed and not subject to what might be termed political or public pressure. For these reasons, it is the desire of the government that so far as possible we should avoid referring to the governor in council matters which have been decided upon by the trustees. The moment you get back to the governor in council, you get back to political pressure of some kind from the party in power, or the other.

Mr. JACOBS: Only the one party, not the other.

Mr. MANION: In order to comply with the suggestion of the Duff commission and at the same time not leave the management open to political pressure, it has been suggested that an amendment should be made to section 2. This amendment will provide that lines may not be abandoned without the approval of the Board of Railway Commissioners, and I think it will appeal to hon. members opposite as being a reasonable and satisfactory solution of the difficulty. We have no desire that the trustees should be in a position to do anything but good for the Canadian National Railways. At the same time we have no desire to get away from the recommendation of the commission that the railways should be kept free from political or public pressure. Section 2 has been allowed to stand but this amendment can be proposed when the committee is again considering that section. It will be remembered that section 2 is a preliminary section and applies to the bill as a whole. For that reason it will probably be better to have the amendment made to that particular section. The suggested amendment reads:

Notwithstanding anything in this act or any other act, no railway company—

This would apply to the Canadian Pacific as well as to the Canadian National Railways.

—shall abandon the operation of any line of railway or any part thereof without obtaining the approval of the Board of Railway Commissioners for Canada of such abandonment.

Mr. MACKENZIE (Vancouver): Would that apply to the operation of the railway docks located at Vancouver?

Mr. MANION: No. We have tried to word this amendment so that it would not apply to those railway activities which it is felt should be operated more in a cooperative spirit than they have been in the past. There is no reason why running rights over certain lines should be interfered with, and there is no reason why the docks at Vancouver, for instance, should not be operated jointly. The fear has been expressed by hon. members, possibly with some ground, that the board of trustees, either acting for themselves, for the Canadian National Railways or in an endeavour to cooperate with the Canadian Pacific, either with or without an arbitral board, could abandon portions of the Canadian National. I think that is the conclusion which might be drawn from the discussion which has taken place, and it was thought that if the Canadian National and the Canadian Pacific had to obtain the approval of the Board of Railway Commissioners before any abandonment could take place, it would be reasonably satisfactory to all portions of the house.

Mr. GARDINER: Would the decision of the Board of Railway Commissioners be final?

Mr. MANION: Yes. I would refer the committee to clause (e) of section 17 of part III of the bill. It must be remembered that this part of the bill deals with the arbitral tribunals. Subsection (3) of section 17 states that the powers of the tribunals shall extend to the abandonment of lines, services or facilities and in view of the amendment which has been suggested, it will be necessary to eliminate at least that part of clause (e) of this section which deals with abandonment of lines. The committee could decide later on whether it desires to eliminate that part of the clause dealing with services or facilities. It would thus be made clear that in so far as the abandonment of lines was concerned, the Board of Railway Commissioners would be supreme over an arbitral tribunal.

Mr. EULER: As a matter of information I should like to ask the minister what is the position under the present act. Is it possible for the board to abandon lines?

Mr. MANION: That was the question we were discussing very fully the other day.

Mr. EULER: There is no certainty about it?

Mr. MANION: I think there is, according to my information. The Canadian Pacific could abandon any part of its system except the main line, and the Canadian National, with the exception of the Grand Trunk, could abandon portions of its lines without submission to the Board of Railway Commissioners, and in some cases without submission to the govenor in council. As I said before, the Canadian Pacific can abandon any portion of their system, with the exception of the main line. This amendment would put a restriction upon the Canadian Pacific as well as

upon the Canadian National. I may say quite frankly that I have not discussed this amendment with the Canadian Pacific to see whether or not they would be pleased with it; I do not know their attitude.

Mr. JACOBS: I am sure they would be delighted.

Mr. MANION: I am not so sure; I should not be surprised if the Canadian Pacific did not care to have an amendment of this kind, but we have not had time to submit it to either railway company. I am submitting it now to the committee as a reasonable compromise arrangement which I think should be fairly satisfactory to all parties in the house.

Mr. BEAUBIEN: Under this proposed amendment would the public be in the same position in regard to the abandonment of lines as they are to-day, with respect to the Board of Railway Commissioners?

Mr. MANION: As a matter of fact I think they would be in a far better position. As I pointed out before, the Canadian Pacific could abandon some of its lines without submission, and the Canadian National, according to the advice of those learned in legal lore, could abandon lines, with the exception of those of the Grand Trunk, without submission to the board. By this amendment neither company could abandon a line without submission to the board, so I think the public is protected to a greater extent.

Mr. DUFF: Do I understand that under the amendment suggested by the minister no railway line shall be abandoned unless that is agreed to by the Board of Railway Commissioners? How would that affect lines which are partially constructed? Would the same thing apply; before such lines were abandoned would the matter have to be submitted to the railway commission?

The CHAIRMAN (Mr. Gobeil): May I remind the committee that the proposed amendment reads:

—shall abandon the operation of any line—

Mr. MANION: I was going to point out that this would apply only to the abandonment of lines that were in operation, but the chairman has just pointed out that fact. I know the line to which my hon. friend is referring, the Sunny Brae-Guysborough branch, which is in his riding, and in that of my hon. friend from Pictou. There is no reason why this amendment would place that proposed line, which is partially constructed, in any different position than it is in to-day, because it is not in operation and therefore would not be affected by the amendment. The question of the completion of that line would remain in the hands of the Canadian National Railway Company, as it is to-day; it will be completed when they think it wise to do so.

Mr. MALCOLM: Would this legislation, if adopted, override existing contracts with muncipalities which subsidized the construction and operation of branch lines?

Mr. MANION: No.

Mr. MOTHERWELL: I understood the minister to say that he was not going to move this amendment just now.

Mr. MANION: The only reason I did not move it was that we happened to be dealing with section 3, but if the committee wishes to do so we can go back to section 2, and I will be glad to move it.

Mr. MOTHERWELL: I would prefer not to have that done, because I should like to consider the amendment first.

Mr. MANION: I laid it on the table because I thought it might save a good deal of discussion; several times my hon. friend from Quebec South proposed that we should lay our amendments on the table in order to give hon. gentlemen time to consider them. While I am on the subject of amendments there is another point with which I might deal. There has been a good deal of discussion with regard to the possibility of amalgamation, and my right hon. leader and I have both told the house and the committee that it is not the intention of the government to permit amalgamation. We have both stated that an amendment would be moved designed to prevent any amalgamation, and perhaps since I am laying one amendment on the table so that hon. members may have an opportunity to study it, with the hope of curtailing unnecessary discussion and perhaps shortening the time we must spend on this bill, I might read to the house the amendment dealing with amalgamation, a copy of which I shall send across to hon. gentlemen opposite. Probably this amendment will be moved as the last clause of the bill, so that it will apply to the whole act. The proposed amendment is as follows:

Nothing in this act shall be deemed to authorize the amalgamation of any railway company which is comprised in national railways with any railway company which is comprised in Pacific railways, nor to authorize the unified management and control of the railway system which forms part of national railways and the railway system which forms part of Pacific railways.

That sounds a little complicated, but in view of the many acts which have been passed by this house at various times with regard to the organization of the Canadian National rail-

way system it is necessary to put this amendment in this form. To show how difficult it is to get an amendment fully covering the intention of the government may I say that this morning there was a good deal of difference of opinion among those of us who were considering the matter, with regard to two different amendments, the one I have read and another, both drawn with the intention of preventing amalgamation. Finally, after the matter was submitted to the Department of Justice and considered there, with the object of getting an amendment which would prevent anything in the way of amalgamation of the two companies in any manner whatever, this amendment was approved by the Department of Justice.

Mr. MACKENZIE KING: I should like to direct my hon. friend's attention to some words appearing in one section of the bill which I suggest might very properly be added to the proposed amendment. I would suggest that at the end of the amendment my hon. friend might add the words found in subsection 4 of section 9, preceding them by a reference to the section so that it would read as follows:

> The provisions of this act, in so far as they may be inconsistent with the provisions of this section, shall be read in the light hereof and be construed so as to conform herewith.

If that additional clause was incorporated in the amendment proposed by the minister, it would make the meaning wholly clear.

Mr. MANION: I will take that suggestion into consideration; of course I cannot decide upon it at the moment. I do not think the words would make the amendment any stronger, because it says very distinctly that nothing in this act shall be deemed to authorize amalgamation, so I think the point is amply covered. But I will give consideration to the suggestion of my right hon. friend and discuss it with my legal advisers a little later. I do not know that I could pass an opinion upon it at the moment.

Mr. ILSLEY: I should like to ask the minister whether it will be necessary still for the governor in council to approve certain abandonments. As I understood the argument of the Prime Minister a week ago last Friday night it was that section 23 of the Canadian National Railways Act is still in force and that the trustees merely have the powers of the directors with regard to the abandonment of portions of the Canadian National railway system. If the Prime Minister was correct in that contention it would appear to me that even if we pass this amendment the position will be that with regard to parts of the Canadian National system it will be necessary to have the approval not only of the Board of Railway Commissioners but also of the governor in council. Is that the understanding of the administration?

Mr. MANION: The whole question is so complicated and involved at times that I do not like to answer too definitely. If I may speak subject to possible correction a little later, though I think I am right, I would say that in regard to the government railways such as the Intercolonial, for example—since the Intercolonial has been entrusted to the Canadian National for operation, by order in council—I do believe that before any part could be abandoned, in addition to the approval of the Board of Railway Commissioners, which is covered by this proposed amendment, the approval of the governor in council would be necessary also.

Mr. ILSLEY: Under section 23 of the Canadian National Railways Act?

Mr. MANION: Perhaps. This is a very complicated matter and I do not know that I wish to say specifically that it would be under that section. As I pointed out the other evening, so far as my information goes section 23 applies specifically to the Grand Trunk, which was the only road to be amalgamated with the Canadian National Railway Company. I do believe as well that with regard to the government railways, such as the Intercolonial, the National Transcontinental and the Prince Edward Island railway, in addition to the approval of the Board of Railway Commissioners there would have to be further approval by order in council. They have been entrusted to the Canadian National for operation; that was done by order in council, and therefore I think any abandonment would require to be approved by order in council as well.

Mr. MOTHERWELL: In the event of the Hudson Bay railway being incorporated with the Canadian National for administrative purposes, it would apply to that also?

Mr. MANION: The Hudson Bay railway has never been incorporated with the Canadian National. It is merely operated by the Canadian National as agents for the government.

Mr. MOTHERWELL: I prefaced my question with the words "in the event of." In the event of the Hudson Bay railway being incorporated with the Canadian National, it would be in the same position?

Mr. MANION: Yes.

Mr. ILSLEY: Do I understand that an amendment is to be proposed to take away from the tribunal the power to order the abandonment of lines?

Mr. MANION: That is right.

Mr. SANDERSON: I do not know whether I am in order now, but I should like to put a question to the minister for information. It affects the whole act and I have never heard any explanation in regard to it. In what way does this bill affect the lines of the Canadian National Railways in the United States?

Mr. MANION: The lines in the United States are not affected at all so far as cooperation with the Canadian Pacific is concerned. That is as regards Part II. Nor are they affected so far as Part III of the bill is concerned which deals with the arbitral tribunal. But so far as Part I is concerned, the American lines are affected just the same as any other portion of the Canadian National Railways, because Part I applies to the Canadian National Railway Company alone; it does not apply in any way to the Canadian Pacific as regards cooperation or otherwise. My legal adviser points out that the trustees are not the directors, and that is true. When the new trustees are appointed they will not be the directors of either the Grand Trunk Western or the Central Vermont, because by the laws of the United States these lines have to have certain groups of directors. They are both American corporations and naturally they have to be managed according to the regulations of the Interstate Commerce Commission, so in that respect they are in a somewhat different position. So far as Part I can apply to those roads it would apply; but so far as cooperation with the Canadian Pacific is concerned, that does not apply at all in regard to Part I of the bill.

Mr. SANDERSON: For further information, is not the board of directors of the Canadian National railway system also the board of directors of the lines owned by the Canadian National in the United States?

Mr. MANION: No. They have their own separate boards of directors, both the Central Vermont and the Grand Trunk Western.

Mr. SANDERSON: I take it from the minister's reply that when this bill becomes law the trustees will have no jurisdiction over the lines in the United States?

Mr. MANION: That is quite true so far as actual management is concerned, but of course they will have supervision over those lines in a general way just as the board of directors to-day has general supervision over them as a part of the Canadian National railway. I do not know if I have made the difference clear to my hon. friend.

Mr. SANDERSON: Perhaps it is my fault that I do not quite see the difference. What I should like to know is this: If this bill becomes law, who will control the lines of the Canadian National in the United States? Who will have the management of them?

Mr. MANION: The trustees will have the management so far as the board of directors now have the management. They will be general supervisors, if I may put it in that way, of the whole Canadian National railway system. In addition, there is a board of directors of the Grand Trunk Western and of the Central Vermont, some of whom are directors as well of the Canadian National in Canada, and some of whom are Americans. Through these boards these American lines would be managed subject to the control of the trustees as to financing, and generally in an advisory way.

Mr. EULER: Will the new board of trustees have representation on these American boards?

Mr. MANION: Yes, no doubt.

Mr. BENNETT: We own all the shares.

Mr. EULER: Will one of the trustees be on each board?

Mr. MANION: For example, some of the directors of the Canadian National are also directors of the Grand Trunk Western. My deputy minister is a director of both of them, and so is Mr. Hungerford; Mr. Grant, the financial comptroller, is also one of the directors over there. That might have to be changed, but perhaps not. It is quite probable that one of the trustees, or possibly two, would be directors on the boards of the United States, but I have not thought that out sufficiently.

Mr. HEAPS: When this bill was first before the committee the Minister of Railways promised to get certain information in regard to the effect of cooperation or the consolidation of train services between Montreal and Toronto and Ottawa and Toronto. I would ask him if he has that information now and if he will give it to the committee.

Mr. MANION: I am sorry I have not that information. I must confess that I have overlooked that detail. I remember quite well that my hon. friend wanted information

as to what would be the effects on labour of the general cooperative scheme. I looked into that matter and found that that information was not available. I am afraid that I have neglected to secure the information my hon. friend now asks for as to the decrease in labour employment because of the pooling of trains between Montreal and Toronto and Ottawa and Toronto, but I shall be glad to get it for him.

Mr. HEAPS: There was more than that involved. There was also the question of the anticipated financial saving as a result of this consolidation of services. I should like to go even further than that. The dividing line between consolidation of services and cooperation or amalgamation is so thin that any subsequent enactment against amalgamation does not mean anything because by this bill to all intents and purposes we are going to have cooperation or the amalgamation of services under two managements instead of one. In the case of the consolidation of services between Montreal and Toronto, and Ottawa and Toronto, for instance, to all intents and purposes there you have amalgamation under Canadian Pacific and Canadian National management, and what I should like to know is what are the anticipated savings over a certain period of time for the Canadian National and the Canadian Pacific as a result of that consolidation of services. Secondly, what is the amount of labour that has been displaced as a result of that same consolidation of services. While the minister is obtaining that information I think he might go a little further. As I said on a previous occasion, it is common knowledge that efforts are already being made by the two railways to bring about greater consolidation and cooperation of services right across the country. In the last few days I have been among a great many railway men, and the spirit of these men has been completely broken down by the bill that is now before the house. Men with fifteen or twenty or twenty-five years of service do not know how long they are going to be kept in the employ of the railways. I know that engineers have been looking over many of the large terminals of this country on behalf of the railways to see what saving might be made by the closing down of certain terminals and the consolidation of services right across the country. I anticipate myself that in a short time, perhaps two or three years, about twenty thousand railway men will find themselves without a job. Now that is a very serious state of affairs. I do feel before the bill passes the committee hon. members ought to be fully aware of the implications involved in it. I am not so much concerned about tribunals or the powers of any board which may be appointed under the bill, but I certainly am concerned with any move to introduce legislation which will have the effect of throwing about 20,000 men out of work when, as a matter of fact there are hundreds of thousands walking the streets with no possible opportunity of being absorbed into industry. In addition to obtaining information in regard to the consolidation of services between Montreal, Ottawa and Toronto, and the effect such consolidation has had upon the financial situation of the two railways, I am asking the minister now to obtain information showing what efforts are now in progress, or what action has been taken by the two railway companies, towards cooperation in services between other terminal points in Canada.

Mr. MANION: My hon. friend asked that question a few days ago. However in listening to the discussion which followed I am afraid I overlooked the smaller detail in attempting to oblige him with information on the larger points at issue.

Mr. HEAPS: It is not a smaller detail.

Mr. MANION: Certainly Montreal, Ottawa and Toronto are small when compared with the whole of Canada. So far as the larger question is concerned I could not and cannot obtain information concerning it. The railway management informed me that they are only surveying the whole matter at the present time. They cannot give me any estimates and I cannot force them to give me estimates in regard to the number of men who may possibly be laid off through cooperative efforts or by pooling the use of terminals.

The hon. member has stated that about 20,000 men may be laid off. I do not in any way pretend to be an expert in railway matters, but I believe that instead of laying off men in the near future, due to the cooperative efforts being made, the railways will be taking on men. If they do not, then I think it will be a serious matter both for the railways and the country. With all due respect may I say that some people, including some railway men themselves, to a certain extent have overlooked the present financial condition not only of the railways but of the country. The railways must effect economies or they will be in such condition that not 20,000 but more men will be laid off for some time or, at any rate, until the railways get into a better financial position than they are to-day.

This country cannot go on paying $50,000,000 or $75,000,000 a year out of its revenues for the Canadian National Railways, without serious effect upon the whole financial structure of our country. Last year the Canadian Pacific Railway barely earned its fixed charges, or the interest on its bonds. At any rate, it has paid no dividends on its common stock, and I believe it has discontinued dividends on its preferred stock. Hon. members will see that it has barely earned sufficient to pay interest on its bonds. Therefore unless there is a revival of business, the Canadian Pacific Railway, too, will be in a very serious condition. May I add that in the last week the decrease in traffic on the Canadian National railways, and no doubt on the Canadian Pacific railway, continued. So far the traffic has continued to decrease each week in 1933, when compared with the same weeks of last year. The decrease in gross traffic has amounted to about $600,000 a week.

Mr. HEAPS: Could the minister give us the percentage?

Mr. MANION: Last week was about 22 per cent under the same week last year. I do not like to use percentages, because I believe they are dangerous in matters such as this. However the fact is that last year in gross earnings the Canadian National Railways were about $39,000,000 below the 1931 figure. So far this year the decrease has continued. There seems to be no bottom to the world-wide condition through which we are passing. Because, despite anything in the nature of criticism which may be lodged, the condition is world-wide and not confined to Canada alone. Railways in the United States are certainly in no better condition than are our Canadian lines. Many of them have gone into the hands of receivers, and unless conditions change, no doubt more will follow.

Therefore I suggest that the seriousness of the situation ought to be considered. No member of this government has any desire to see men thrown out of work. Certainly I should regret very much if this legislation should have that effect. However, coming back to my former statement, in my opinion if there is a revival in business, as there must soon be if we are to avert a complete catastrophe, the railways should be taking on men rather than laying them off, despite co-operative efforts being made.

I shall endeavour to get the information for the hon. member by to-morrow. We cannot get through this bill to-day, I am quite sure. I shall endeavour to obtain for him the information he wishes in regard to Ottawa, Montreal and Toronto services, with the information showing the savings and the number of men involved. I may say that Mr. Hungerford and Mr. Beatty gave out a statement in connection with the pooling of the passenger services between the points in question—I believe I have a copy of it among my papers—and at the time the statement was made they counted on saving something like $500,000. They did not mention the number of men affected, but without any doubt a number will be affected temporarily, at any rate.

Mr. MACKENZIE KING: The minister has spoken of the falling off in traffic on the Canadian National railways, and suggested that there might be a similar falling off on the Canadian Pacific railway. I received a communication to-day stating that quite recently arrangements had been made for sending a number of members of the Royal Canadian Mounted Police and their mounts from Regina to Saskatoon. The original transportation order had been placed with the Canadian National Railways, but was changed at the last moment, it is alleged, by reason of the fact that the government had directed the traffic should be given to the Canadian Pacific Railway. If that is the case, undoubtedly there must be a falling off in Canadian National Railways traffic. I should like to ask the minister whether he knows anything of this matter, also whether it is the government's policy to route government business via the national railways, or if not whether the government gives any direction concerning the routing which shall be followed?

Mr. MANION: My reply to the right hon. gentleman is that in that connection this government acts exactly the same as did the last one. I must say that the Department of Railways and Canals gives practically all its business to the Canadian National Railways. However I made inquiries after this government came into power which disclosed to me the fact that most of the departments of government, as they did under the late government, divide their traffic about fifty-fifty between the two railways. However the Department of Railways and Canals have taken the position, which I believe was taken by the late government, that practically all our traffic, whether it be freight, express or telegraphic, should be given to the Canadian National system.

In regard to the passage of mounted police and the shipment of their mounts, and any change made concerning the routing which

would benefit the Canadian Pacific Railway, I have no doubt there was some good reason for making the change. However I cannot make a definite statement in the matter. May I say while I am on my feet there is a great deal of misconception throughout the country in regard to a possible condition implied by the remarks by the right hon. gentleman. In certain newspapers statements are being made to the effect that it has been the object of this government to push traffic over Canadian Pacific rather than over Canadian National lines. I have made a survey of that question, because I am of the opinion that if any government—the late government, this one or any other government—endeavoured to take traffic away from the people's railway and give it to the Canadian Pacific in an unfair manner, that government would certainly be unworthy of the confidence of the Canadian people.

I certainly do not admit that this government is any different from other governments in that regard. This government, like the last government, I presume, when it was in power, has treated the Canadian National as far as traffic is concerned as fairly as possible. I do not suppose anyone would suggest, whatever government is in power, that all the traffic from that government should go to the Canadian National and the Canadian Pacific get none. There may be some who would suggest it, but it has never been done.

Mr. HEAPS: Why not?

Mr. MANION: My hon. friend says "Why not." Anyhow I repeat that it has never been done. After all I think the Canadian Pacific Railway should be treated fairly. The people of this country owe something to the Canadian Pacific; it is an institution of which we can well be proud, just as we can of the Canadian National once it gets back on its feet. I do not think it would be the desire of any government—even if such an unlikely thing happened as that my hon. friends should get into power—to give all the business of the government to one railway, I believe they would give some to the Canadian Pacific.

Mr. EULER: They could not do it.

Mr. MANION: The Prime Minister mentions another point, that the Canadian Pacific Railway Company is one of the largest taxpayers in this dominion.

Mr. MACKENZIE KING: The railways would be all one under the existing government. There would be no Canadian Pacific.

Mr. MANION: Well, the railways might be all one, or there might not be any railways.

[Mr. Manion.]

Mr. WOODSWORTH: If I may come back for a moment to the question raised by my colleague from North Winnipeg (Mr. Heaps); it does not seem to me that the minister has given an altogether satisfactory answer. We are not suggesting that there should not be an arrangement made for economies, but we do say that the government has some responsibility, not merely to those financially interested in the roads, but also to the employees of the roads. And as fas as we can ascertain there is nothing whatever in this legislation, nor in the amendments which are now being laid on the table by the minister, to suggest that anything is to be done in the interests of the men who are to be laid off through the various economies proposed. Now I cannot see how a railroad or a government—this is a little of both—can avoid all responsibilities of an honourable employer. The employees constitute part of this railway system, they have had a great deal to do with the building up of the system, they have been encouraged to do their best work, to stay with the company in order to help build up the system. Now it would seem that they are to be thrown aside, with only the most remote possibility of ever being taken on again. It seems to me that is not fair, it would not be fair in the case of a private employer and is especially unfair in the case of a public employer. I am not urging that these men should be continued in the poistions which they have had in the past, it may be necessary to pool certain services; but since there are to be economies effected, running perhaps to half a million or a million dollars, even in the taking off of a few trains, if these economies are to be effected, it seems to me that something should be done to help the men in the meantime. It may be that ultimately these men will be able to secure some other work, but that is an impossibility under the present circumstances. I talked to some of these men only this last week, publicly and privately. They are at their wits end to know what to do. For instance on these trains mentioned between Montreal and Toronto, I know one man who was transferred from Winnipeg, to be given an opportunity of working on that train. He has now his little house in Toronto; shortly, he expects to be on the street; no connections here in the east whatever other than his railway connection, and no possibility of being able to secure a job on the railway in the near future, much less in the general labour market outside. I do think that under these circumstances the minister should pay some attention to the suggestion that we have made that the

immediate needs of these men—I will not say entire compensation, that is a phrase which perhaps is liable to a good many meanings—but that the immediate needs of these men who are being laid off should be a first charge on the savings to be effected. I think that is a reasonable proposal. My friend here suggests an equal charge; I do not think that, I think there ought to be a preference given the men. We are trying to provide that the bondholders shall not suffer, but even in bankruptcy proceedings the last stick cannot be taken out of a house and the family left helpless. In most of our provinces there is a certain minimum amount exempt from seizure so that the people can manage temporarily. It seems to me we ought to adopt some such policy as that, make some minimum provision for these men. Now is the time to do it, when other amendments are being offered. I hope the minister will take into serious consideration the addition of a clause that will make some provision for the men displaced under the operation of the proposed legislation.

Mr. MITCHELL: Following the remarks of the two previous speakers on this side, in 1921 a railway consolidation bill was passed in Great Britain which had for its purpose the consolidation of 120 railroads into four systems. The problem that is under discussion here this afternoon naturally confronted the British government at that time. This bill dealt only with private roads, but that government accepted the responsibility, which in my judgment is a responsibility of all governments when legislation is passed throwing on the labour market thousands of men. When my colleague from Winnipeg North Centre (Mr. Woodsworth) was speaking I remarked that the responsibility for the men was at least equal to that to the bondholders. I believe that under these circumstances, where there is going to be a saving of possibly $75,000,000 a year, fifty per cent of that saving should be used to create a fund for the amelioration of the condition in which these unemployed railway workers will find themselves. It is true there is a section of the Railway Act, No. 179 I think, giving protection in certain cases, which will be unaffected by this legislation. But that does not begin to meet the situation. Take the towns in northern Ontario where these men have built homes, built up a community life, which towns will be wiped out by the passage of this legislation, because they are purely railroad centres. They are left in the midst of, may I say, a desolate waste, all that they have built there will be rendered absolutely unnecessary by the passage of this bill.

I would like to read into the record—it will take some time but it may be useful—the clauses relating to the men who would have been laid off had this provision not been made in the British act. The act is chapter 55, of The Public General Acts of the United Kingdom of Great Britain and Ireland, 1921:

An act to provide for the reorganization and further regulation of railways and the discharge of liabilities arising in connection with the possession of railways, and otherwise to amend the law relating to railways, and to extend the duration of the rates advisory committee.

Third Schedule

Existing Officers and Servants

The following provisions shall apply in respect to persons who at the date of the passing of this act are, and for a period of not less than five years have been, officers or servants of any constituent company or subsidiary company, and who shall not, prior to the amalgamation or absorption of such constituent or subsidiary company, have become pensioners or annuitants in accordance with the rules of any railway pension or superannuation fund of which they may be members, or have voluntarily retired, or have been removed from the service of any such constituent or subsidiary company by reason of misconduct or incapacity (all of which officers and servants are in this schedule hereinafter referred to as "existing officers and servants"):—

(1) Every existing officer and servant shall, as from the date of amalgamation or absorption, become an officer or servant of the amalgamated company:

(2) The amalgamated company may abolish the office or situation of any existing officer or servant which they deem unnecessary, and any existing officer or servant required to perform duties such as are not analagous or which are an unreasonable addition to those which as an officer or servant of the company from whom he was transferred he was required to perform may relinquish his office or situation:

(3) No existing officer or servant so transferred shall, without his consent, be by reason of such transfer in any worse position in respect to the conditions of his service as a whole (including tenure of office, remuneration, gratuities, pension, superannuation, sick fund or any benefits or allowances whether obtaining legally or by customary practice of the constituent or subsidiary company) as compared with the conditions of service formerly obtaining with respect to him:

(4) If any question arises as to whether the provisions of the last foregoing paragraph have been complied with, the question shall be referred to a standing arbitrator or board of arbitration appointed by the Lord Chancellor, and, if the arbitrator or board consider that those provisions have not been complied with, and that the officer or servant has thereby suffered loss or injury, they shall award him such sum to be paid by the amalgamated company as they think sufficient to compensate him for such loss or injury:

(5) Every existing officer or servant whose office or situation is so abolished or who so relinquishes his office or service or whose services are dispensed with on the ground that they are not required or for any reason not being on account of any misconduct or incapacity, or whose salary, wages, or remuneration are reduced on the ground that his duties have been diminished, or who otherwise suffers any direct pecuniary loss by reason of the amalgamation or absorption (including any loss of prospective superannuation or other retiring or death allowances and allowances payable to his widow or orphan children, whether obtaining legally or by customary practice of the constituent or subsidiary company), shall be entitled to be paid compensation for such pecuniary loss, to be determined and paid by the amalgamated company, subject to appeal to such standing arbitrator or board of arbitration as aforesaid, in accordance with the provisions contained in section one hundred and twenty of the Local Government Act, 1888, relating to compensation to existing officers, and those provisions shall apply accordingly as if they were herein reenacted with the necessary modifications. For the purpose of this schedule, any solicitor who was continuously retained by a company as their chief legal adviser for the period of five years before the passing of this act shall be deemed to be an existing officer of the company:

Provided that, in the case of any officer or servant who was appointed to his office as a specially qualified person at an age exceeding that at which public service usually begins or of any officer or servant who suffers any loss of prospective superannuation or other retiring or death allowances as aforesaid, such addition may be made to the amount of compensation authorized under the said provisions as may seem just, having regard to the particular circumstances of such case:

Provided further that the expression in subsection (1) of section one hundred and twenty of the Local Government Act, 1888, "the Acts and Rules relating to Her Majesty's Civil Service" shall mean the Acts and Rules relating to His Majesty's Civil Service which were in operation at the date of the passing of the Local Government Act, 1888.

(6) The fee payable to an arbitrator or member of a board of arbitration under this schedule shall be such as the Lord Chancellor may fix, and that fee shall be paid by the amalgamated company concerned.

After the remarks of the hon. member for Winnipeg North Centre I looked up that act, and I see no reason why the government of this country should not, within the four corners of this bill, make provision for the protection of those thousands of men who will be laid off in consequence of this legislation which we are now considering. The men in the railway industry are specialists of a kind. They are men who, in my judgment, have made their contribution to the successful operation of the railways, and when they are thrown out they will have to take their place in the unskilled labour market of the country. I say, they are specialists, and they are specialists of a type absolutely essential to the proper conduct of a transportation industry such as we have in this country. The minister said there had been a considerable falling off in passengers even in the last week. Well, I believe that you can keep chopping off the limbs of a tree until you have no tree left. I quite agree with him that we are facing in Canada a condition that almost borders on bankruptcy in the next twelve months, but I believe that this condition has been brought about by the deliberate deflationary policy of this government. No one else is responsible for it. I think the government would be well advised to adopt the suggestions made by the small group in this corner of the house, who still have regard for the human element in our railway industry.

Mr. MANION: I do not think the small group in the corner should arrogate to itself sole regard for the human element in the railway industry. Hon. gentlemen directly opposite as well as those on this side have just as much regard for the human element as my hon. friends in the corner.

An hon. MEMBER: More.

Mr. MANION: Some hon. gentlemen say more, but certainly as much. The question is worthy of consideration, but I would point out to my hon. friend that it was fully argued the other day, when an amendment was moved by the hon. member for Winnipeg North Centre and ruled out of order. I do not admit the huge figures mentioned by some speakers with regard to the numbers of men who are likely to be laid off in consequence of co-operation between the two railways. This parliament meets every few months. We shall be out of session only seven or eight months, at most ten months, before parliament meets again, and if after the passing of this legislation some amendment were found desirable, it could then be made. The passing of this bill is not the last word that will be said in this matter. It is possible that the act may require amendment. It is new legislation and, like most acts of parliament, it may require attention later on. If it is found that as a result of cooperative arrangements between the two railways amendments are necessary, they can be dealt with at the next session, although I make no promises as to what will be done—I do not wish to be misunderstood in that regard. At any rate, at the present time the government takes the position that we should pass this act and give the new trustees an opportunity to function, and the new arrangements a chance to produce results

which we hope will tend to retain men who have been at work; and if it were found later on that something had to be done because men had been treated unjustly, because of the passing of this bill, then the matter could be brought up at the next session of parliament and dealt with at that time as the government of Canada and the House of Commons might see fit.

Mr. HEAPS: I am fully in agreement with what the minister has said, but perhaps I might put my point in another way. There are a large number of people who have invested money in the railways of this country and who live in the United States and other parts of the world. These people draw dividends from the securities which they hold.

Mr. MANION: None of them are drawing a cent of dividends at the present time.

Mr. HEAPS: They are drawing interest.

Mr. MANION: There is quite a difference between the two.

Mr. HEAPS: As I understand it, a large part of the Canadian Pacific securities are in the form of bonds.

Mr. MANION: About half.

Mr. HEAPS: Interest is being drawn upon almost the total amount of the Canadian National indebtedness and these securities are held largely in the United States and Great Britain. I do not think more than fifteen per cent of the securities of the Canadian National and Canadian Pacific railways are held in Canada. These security holders draw interest amounting to millions of dollars. Why should we not follow the suggestion of the minister and let these people wait until next year so that we can give relief to our own Canadian people who are out of work? Let us put the boot on the other foot and see if it would not work just as well.

Mr. MANION: Last year the Canadian Pacific Railway barely earned its bonded indebtedness. Bonds are first mortgages and how could that company say to its bondholders: We do not intend to pay you part of the interest which is due. The bondholders would at once foreclose upon the railway and put it into liquidation, just as has been done with many of the railways in the United States. It is quite true that a larger proportion of the indebtedness of the Canadian National Railways is in the form of bonds than the indebtedness of the Canadian Pacific Railway; it is true also that the Dominion of Canada has guaranteed these bonds and the only way that the payment of interest could be avoided would be for this country to repudiate its indebtedness. So far, Canada has not decided to take that step. Last year the Canadian Pacific barely earned enough to pay the interest upon its bonded indebtedness while the Canadian National Railways was $53,000,000 short of paying the interest upon its bonded indebtedness. My hon. friend, the other members of this committee and the taxpayers of this country are the people who are paying the interest upon this bonded indebtedness. We cannot refuse to pay that interest unless we choose to repudiate our debts. I think these facts should be kept in mind by hon. members rather than the bringing up of the bogey that employees of the railways are to be thrown out on the streets to starve in order that the bondholders may receive their interest. We are looking after the interests of the bondholders simply because we cannot help ourselves. As far as I am concerned, I would prefer to see the indebtedness of the Canadian National Railways in the form of securities upon which dividends would not have to be paid unless earned. Unfortunately, in the wisdom or lack of wisdom of all governments, at least since 1919, it was decided that this indebtedness should be in the form of bonds. Until this country decides to repudiate its indebtedness, therefore, it cannot refuse to pay the interest upon these bonds.

Mr. HEAPS: The effect will be the laying off of a vast number of men.

Mr. MALCOLM: What about sharing the work?

Mr. HEAPS: That is my interpretation of the effects of this bill. A large number of men will be thrown out of employment as the result of the consolidation of services, as has been demonstrated by the consolidation of the services between Montreal and Toronto. The principal saving has been in the form of wages and the use of equipment. The minister says that we have to meet our obligations to these security holders, but I contend that we should choose between our own Canadian people and these security holders, the big majority of which reside outside of Canada.

Mr. MANION: How can we refuse to pay the interest upon this bonded indebtedness without repudiating our debts? If my hon. friend will tell me how we can choose in favour of our own people and keep them in employment rather than to pay the interest to the bondholders, I should be very glad to hear any suggestion he has to offer.

Mr. WOODSWORTH: What would happen if this legislation did not go through?

Mr. MANION: The indebtedness of the railways would probably increase.

Mr. WOODSWORTH: All we are suggesting is that one of the conditions of holding down this indebtedness shall be that the men must be looked after.

Mr. MANION: If that is done we will be taking away the chance of economy. It does not matter very much whether you use money to pay men who are not required or to pay interest upon securities. It was the opinion of the Duff commission, which opinion I think is shared by all reasonable Canadian people, that these two railways must economize. It was felt that if they did not do so, the whole financial structure of the country would be endangered.

Mr. EULER: What I have to say, I say with a good deal of hesitation because I know it will not meet with the approval of certain hon. members of this committee. I think most hon. members know that I have always been in favour of the public ownership of railways but I have always felt that a railway, even though publicly owned, could not be successful unless it were conducted as much as possible as a private business would be conducted. I have every sympathy with those who may be thrown out of employment by the measures of cooperation between the two great railways which may be possible under this bill, but if we are going to operate the national railways upon the principle to which I have just referred, we cannot follow the principles laid down by my hon. friends to my left, for whom I have every respect, and operate the railways mainly for the purposes of providing employment. The railways are being run by the Canadian people—I am referring to the Canadian National Railways—for the purpose of giving efficient railway service at as low a cost as possible and the employment of men to run the railways is incidental in a measure to what I have just enunciated. I agree with the minister when he states that unless something is done in the way of the elimination of waste, the railways will be in a perilous position and the whole financial structure of the country may be endangered. It becomes the duty of parliament to do whatever is possible to reduce the expenses of running the railway as a purely business proposition. There is one point to which I would direct the attention of my hon. friends; if this government is going to differentiate between classes of employees, this country will be entering upon a very big proposition. In the industrial and other centres many people are being thrown out of work because of the development of conditions in this country. In the city of Kitchener we have a great many furniture factories and to-day one of the largest factories is giving its employees only nine hours work per week, and only half of the usual number of employees are at present employed. This merely shows that if you are going to differentiate so far as railway employees are concerned, you will be entering upon a very difficult course. If we are going to say that because the employees of the Canadian National Railways are working for the people of Canada the government of Canada has a special duty to perform in looking after them when they are thrown out of work, I think it almost necessarily follows that we should enact legislation which will delegate to employers in other lines of industry the duty of looking after their employees when they are out of work. If we are going to adopt the principle at all it must be adopted in a general way. Then we get into an entirely new field, and what I am trying to say is this: I think in fairness to the country we cannot set the railway employees apart from other working men. If that is done with regard to the Canadian National, and the company is to carry the loss which otherwise would not be the case if some men were laid off, how can the company compete with its great rival the Canadian Pacific. I think you would have to enforce that principle also in connection with the Canadian Pacific, as you would have to enforce it in connection with other lines of industry. I hope I am not misunderstood; I have every sympathy with the employees of the railway company. I will say that if the government feels that by reason of the economies effected through the laying off of men by the national railways it is the duty of the government to look after those men, I am absolutely in accord with that position, but the burden should not be thrown upon the company as a business proposition. That is my point of view.

Something has been said as to whether the business of government departments should be given to the Canadian National Railways, and I am afraid in that regard I shall have to disagree with the minister. I believe that the Canadian National, which is owned by the Canadian people, should receive all the business the Canadian government possibly can give it. That sounds reasonable to me. Let us say a man has two businesses. He is a contractor and is putting up a building in one city, while his other business is the manufacture of construction material, such as

bricks. Would it not be absurd for that man to go to one of his competitors in order to buy the bricks necessary in the construction of the building?

Mr. EDWARDS: Pretty far-fetched.

Mr. EULER: It is not far-fetched at all; surely we should patronize ourselves first. If you want to put it this way, charity begins at home.

An hon. MEMBER: What should we do as individuals ?

Mr. EULER: This is a free country, and an individual can patronize any company he pleases. We ought to patronize our own line. As I said at the outset, Mr. Chairman, I know a good many hon. members will disagree with me on that point, but in the past I have always taken that position.

A good deal has been said with regard to amalgamation. I can only repeat that I do not believe this bill will do all that should be done. As many hon. members know, I always have been in favour of complete amalgamation, and in spite of the fact that the Prime Minister repeated many times the slogan "Amalgamation never; competition ever," I think that was an unfortunate statement, and I believe in due course he will have to change it.

Mr. BENNETT: Do you believe in amalgamation?

Mr. EULER: Yes; I believe in amalgamation under public ownership, not under private ownership. I think we will never get the full measure of saving and economy that is possible until we have complete amalgamation. I did not rise to make a speech on amalgamation, but that has been my position in the past, and I may as well make it clear now. I am in favour of the bill if certain amendments can be introduced, though I think it has a great many weaknesses. I am in favour of it because it goes a certain distance in the direction I should like to see it go, that is, in the saving of money in the operation of the road. Something has been said about the sharing of work. I am inclined to think that something more might be done by the railway people themselves so that the work which is available might be shared a little more equally among those who have been working for the company.

I have said perhaps a little more than I intended, Mr. Chairman, but once more I should like to make it clear that the railways must be run as a business proposition. If by reason of that it becomes necessary, unfortunately, that some men no longer may be employed, that cost should not be saddled upon the company; it should be borne by the whole country. There you enter upon a principle which is a great deal wider than simply taking care of those who lose their employment with the national system; you will have to extend it to all lines of business in Canada, and perhaps we will come to that yet.

Mr. POULIOT: I listened carefully to the hon. member who has just taken his seat, and I quite agree that the railways were built for service. The hon. gentleman added that they were not built to create employment, but neither were they built to create unemployment. This is an important fact. May I add that I cannot imagine any locomotive being operated by robots. Men are essential to the operation of a railway, but we must face the situation as it is and make the best of it. Many men have worked for the railway all their lives; their children have followed them, hoping that some day they might take the places of their fathers or grandfathers. While Sir Henry Thornton was president of the Canadian National he very often paid deserved tribute to his partners, the employees of the road. He understood that no railway could be run without the help, the loyalty and the devotion of the men employed by the company.

There is another point to which I should like to direct attention. In 1928 and 1929 the Canadian Pacific sold bonds to their own employees; these men were canvassed to invest their life savings in Canadian Pacific bonds. To-day, because of the decrease in traffic, those bonds do not return any interest, and as a result these employees are suffering because of their loyalty to the company. That loyalty did not impose upon them the obligation to buy railway bonds; that loyalty was shown when they did their full duty to the company. But they did more, and as a result to-day many of those men have lost their jobs and are receiving no return from their investment.

This only goes to emphasize the importance of having all the information available when discussing this question. I was very pleased to hear the hon. member for North Waterloo refer to the discrimination shown as between different classes of employees. It is most important that complete figures should be given; we should know how many engineers, firemen, conductors, trackmen, station agents, men working in shops and men working in the yards have been set back. What are the records of these men? We should have those figures for the Canadian Pacific as well as for the Canadian National. I think the Minister

of Labour should be furnished with full information with regard to these men so that employment may be found for them elsewhere if there is no work on the railways. That is why I direct attention to the fact that nothing can be done for the railways unless we get the proper information and nothing can be done for unemployment unless we get all the facts. The government should be able to give the whole facts. We have already been given some figures which show the extent of the trouble, and we must see to it that a remedy is provided. That is why I ask for the information. I know that the Minister of Railways is well disposed. We cannot proceed to pass legislation without proper consideration. This House of Commons has been considering this bill for more than two weeks, and it would really take months of study by a group of members of the House of Commons to come to a definite conclusion on the subject and bring down legislation which would meet all the necessities of the case. In a few days it is impossible to have this House of Commons properly consider such important legislation having such far-reaching effects on Canadian life from ocean to ocean. The legislation needs to be studied in detail. The legislation as first drafted, by whom I do not know, was so poor that the Right Hon. Arthur Meighen, leader of the government in the Senate, would not accept it. It was such poor legislation that he did not want to attach his name to it, and the legislation was changed in the Senate. It is not yet in its final shape. I sympathize fully with the Minister of Labour, but I also sympathize with all the men who have been let out of employment. I do not say that it is the fault of the minister, but I say that it is due to some of the policies of this government that the railways now have no traffic and that Canadian trade is curtailed. The railway business is only one side of Canadian life. Everything must be taken into account. There is trade, traffic, business. No railway can exist without such business. There must be an understanding of the whole situation, of all the factors involved. Although Lord Ashfield may be a good man, neither he nor another gentleman from the United States nor another gentleman from Toronto nor another gentleman from Montreal sitting together on a commission can decide such an important question as the railway question in this country. They can spend some time investigating the situation, and they can submit a report giving their views. But does the government say, when it gets the views of the commission, these are our views? The government says: Here are the views of the commissioners, and we accept them. The commissioners are the motive power of the government.

May I take this opportunity also to say this? When I see railway men out of jobs, I think of those who made money during the war at the expense of the people. We know of the immense profits that they have stolen from the people of this country, and instead of forcing them to pay back what they have stolen we see one of them, Joseph Flavelle, appointed a commissioner, and he is called an able business man. I think of the poor men who have nothing to eat and no work to do and who have spent their savings, and I get indignant when I think that their fate is decided by a common thief. I get indignant about that commissioner, about that war profiteer, who has been appointed with honest men on the transportation commission. This is a thing that no one with a head on his shoulders can understand. It must be explained to this country how the fate of these poor men, honest, hard-working, who have devoted their lives to their country in the work they were doing, should be decided upon by a man who is a millionaire, a war profiteer—lord bacon.

Mr. MANION: Mr. Chairman, before anybody else gets into the discussion, may I remind the committee that we have been on this bill now in the neighbourhood of two weeks and we have only passed two or three definitions. The whole discussion to-day, including my own remarks in reply to the hon. gentleman who brought up the subject, has without doubt been out of order. The clause now before us is paragraph (h) of clause 3, defining "Tribunal." May I suggest with all due deference that after two weeks of discussion by all sides of the house there has been a full opportunity for consideration of the principles of the bill, and the discussion which has taken place this afternoon should, I think, have taken place on the second reading. I suggest that we try, if at all possible, to stick to the clause under consideration. I do not wish to limit discussion in any way, but I should like to see some progress made on the bill, and I think the whole house wishes it.

Mr. MACKENZIE KING: The bill ought to have gone to a committee of this house; that is the whole trouble.

Mr. BENNETT: That is an excuse; it is not fair.

Mr. MACKENZIE KING: It ought to have gone to a committee of the House of Commons. The method that has been adopted

in regard to this bill it has been suggested may be followed by my right hon. friend in connection with other bills. It is suggested that they be dealt with in a different manner than is customary in this house. I think that they should go to a special committee, and I hope that my right hon. friend will reconsider any decision of that kind with respect to the future because the procedure of this parliament is being departed from by my right hon. friend to far too great an extent.

Mr. BENNETT: The Conservative tendencies of my right hon. friend do him credit. I am glad to see them and his desire to cling to precedent, and I am not ungrateful to him for reminding me that I never feel bound by hoary precedent or hesitate to depart from it if by so doing I can advance the interests I have at heart. This bill is not being advanced by the discussions that have been taking place in this house. The right hon. gentleman suggests that the bill should have gone to a committee, but it is quite apparent from what has transpired during the last two weeks that a deliberate effort has been made to prevent the passage of this bill.

Mr. MACKENZIE KING: No.

Mr. BENNETT: I do not say by the right hon. gentleman. I said that a deliberate effort had been made, not by the right hon. gentleman because he has not said very much during the last two sessions, nor have the leading members of his party during the last session, but let anyone look at the debates! I may say that a perfect stranger looking at the Hansard drew my attention to it the other day and said, "The rules of your house certainly are very strange." To think that hour after hour we have been listening to what has taken place this afternoon—I have heard it five times, and I have not heard it all, except on two occasions. We have listened to a speech this afternoon which consisted of an attack against an eminent Canadian. It is not a new speech in this house, but since the war it has not been made so frequently. It does not do any credit to the Liberal party nor to the gentleman who made it, to attack in this house a man who is outside, without any opportunity to say a word in reply, and who was appointed to this commission, not from any desire to serve upon it, but at the earnest request of the people, not simply one road but both roads, who thought by reason of his great experience and great business capacity that he was best qualified to arrive at sound conclusions with respect to the question, a gentleman who rendered a service gratuitously to this country, without any desire to serve any selfish purpose. To make such an attack in this house upon such a man is certainly not encouraging to those to whom we look for public service. To be attacked in this way in this house, and referred to in the terms used, charged with being the type of men we have heard they were, is not conducive to the accepting of public service by men who have by their great ability and talents made great business successes in this country. I mention that because I do not think that an attack of that sort is advancing the cause that we have at heart.

It is said that the trouble is that this legislation did not go to a committee of this house. The fact that it was considered by another chamber, in one of its committees, is a good reason why it should not go to another committee of this house. An ample opportunity was given in the Senate committee to consider this legislation. There may be differences of view as to whether that is sound or not, but it is clear that in the light of the speeches we have heard they have no reference to the bill itself. All the consideration in the world before a committee would not assist the bill, because the character of the speeches we have heard would indicate that they are aimed against the measure as a whole—to destroy it. The amendments moved would destroy it. Therefore any consideration in committee would not help it. The effort has been to destroy the measure as a whole. I think any one will agree that the minister has been exceedingly courteous and patient in his endeavours to answer any inquiry, relevant or irrelevant. He has considered carefully, at the earnest solicitation of hon. members opposite, the questions of amalgamation and the power of trustess. All those points he has endeavoured to meet, and has met admirably with the amendments he suggested. If the committee says that it is going to cause all the delay possible in the enactment of the legislation, the government cannot help it.

Mr. MACKENZIE KING: No one says that.

Mr. BENNETT: You do not have to say it in terms; nothing has to be said in terms; all you have to do is act. I do say, with the wide experience the right hon. gentleman has had, if he will take Hansard from the day the bill came into the house and read it—no, I should not impose that penalty upon him—but if he will look at Hansard from the day the bill came into the house until to-day he will find it very difficult to recall any occasion, with the exception of possibly one,

in the last seven years in which there have been the same sort of reiterated statements directed towards the principle of any measure —not the details of the clauses under consideration. I do urge that if the committee desires to attack the measure, the way to do it is to move that the committee rise, and that will be the end of it. If we do not desire to kill the bill, let us consider the clause before us with any amendment there may be to it. Anything I have said in that connection I say in the best temper in the world, because as far as I am concerned I can sit here for the rest of the summer, if the house can. If the numbers in the committee become small we will manage to keep a majority in some way.

Mr. MACKENZIE KING: I speak only for the official opposition. With the exception of an occasional speech here and there, to which some exception may be taken, our discussion has arisen out of our difficulty to understand the purpose of the government with respect to certain provisions of the legislation. Our questions have arisen in connection with the meanings of certain sections and I say now, as I said before, that when the minister began to make explanations we came to have a view of the purposes of the government with respect to certain sections entirely different from what we had when the bill was first presented, or during the discussion on second reading. One of the amendments the minister has brought in to-day has thrown light on the matter. We have had no desire in the world to obstruct or to delay but, for the most part, so far as the Liberal opposition is concerned, we have been seeking to get at the exact significance of the legislation and its probable effect whenever it may come into force.

With regard to the important matter which for the most part has been discussed to-day, I do not believe exception can be taken to a very keen desire on the part of hon. members, while the bill is before the committee, to speak on behalf of those men who are going to be thrown out of employment as the result of greater cooperation between the two railways. We should give special consideration to this phase if it is at all possible so to do. The matter has to be viewed from all sides. From one point of view, the question of employment is certainly one of the most important problems, if not the most important, with which we have to deal. If the bill involves throwing men out of employment it is only reasonable that every possible step should be taken to help meet such a situation until some further adjustments may be made.

[Mr. Bennett.]

Mr. HEAPS: I do not know whether the house has considered the bill for two weeks, or not—

Mr. YOUNG: Off and on.

Mr. HEAPS: This is the fourth day the bill has been before the committee. On two former occasions when the bill was before committee, I was away.

Mr. MANION: We considered the second reading for about five days.

Mr. HEAPS: That was a general discussion. But this is the first time we have been able to get down to details, and I do not believe the Prime Minister was fair when he pointed to this corner of the house and suggested that we were delaying unduly. I believe we are justified in exercising all the latitude given us to speak in the interests of the men who would be affected. By the provisions of this bill men who have been in the services of the railways for twenty or thirty years in the very near future may find themselves without means of subsistence. We all admit the greatest problem parliament has to face is that concerning unemployment, and if we do take a little extra time discussing possible unemployment which may arise from the passage of the measure, I believe we would be only fulfilling our duty to our constituents and to parliament itself.

The CHAIRMAN (Mr. Gobeil): I do not believe there is any doubt that a good part of the discussion this afternoon has been out of order. In that connection may I read subsection (2) of standing order 58:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

No doubt much of what has been said to-day is not relevant to section 3 subsection (h) of the bill which reads as follows:

> "Tribunal" means an arbitral tribunal constitutel pursuant to part III of this act.

Mr. MACKENZIE (Vancouver): I shall discuss the subsection and the amendment moved by the hon. member. In reply to the strictures placed upon the committee by the right hon. Prime Minister I wish to point out that one of the amendments moved in committee was that moved by the hon. member for West Lambton, so that the provisions of section 23 of the Canadian National Railways Act would have effect. We have been told about a wonderful discussion in another place in connection with this bill. I venture to suggest that the Senate committee never brought out the points which have been raised in this committee in regard to the power of the railways in Canada in connection with the abandonment of branch lines. The dis-

cussions we have had in this committee have centered around the powers of the board of trustees in connection with the abandonment of branch lines. As the result of all that discussion which originated from this side of the house the Minister of Railways has to-day brought down an amendment which meets our wishes and protest in regard to the abandonment of branch lines.

I suggest to the Prime Minister if ever opposition was justified to the details of legislation as it left the Senate and was presented to this House of Commons, it has been justified in this instance, and that the opposition have been acting quite fairly in the last four or five days the bill has been before the committee. Everything we have pressed for, so far, has been given by amendments the minister himself has brought down. I repudiate the assertion made by the Prime Minister that there has been a waste of time. If there has been any waste of time, the government has been responsible for it in not having taken the committee into its confidence in connection with amendments. By our aggressive criticism we have forced them, in part at least, to move the amendments we wanted. I repeat the request we have made on several occasions that if the Minister of Railways has any further amendments which he will bring down in future sittings, let him table them now so that the committee may give them careful consideration. I protest against being called an obstructionist, or in fact against any one on this side of the house being so referred to.

Mr. BENNETT: The word was not used.

Mr. MACKENZIE (Vancouver): But the implication was most obvious. It was referred to by my right hon. friend the other day when he spoke of the useless, involved, legal discussion dealing with that very section 23. I happened to take some part in that discussion, and I am amply vindicated this afternoon, because what we sought for has been given by the Minister of Railways. I also protest against the suggestion that because a committee of the other house considered this bill, the consideration has been complete. We never heard about the fact that the Canadian Pacific Railway could abandon branch lines without the consent of the Board of Railway Commissioners, or that the Canadian Northern and the Grand Trunk Pacific could abandon branch lines without the consent of the Board of Railway Commissioners, from the discussion in the committee of the Senate. We dragged that information out of the Minister of Railways in this committee. I venture to suggest, Mr. Speaker, that if this bill is worth anything at all when finally passed by this house it will be as a result of the careful and considered criticism offered by hon. members to your left.

Mr. MOTHERWELL: Mr. Chairman, it is some time now since the Prime Minister gave us one of his little curtain lectures to which we have become accustomed during the past two or three years, and perhaps it was to some extent due from his standpoint. Had the chairman ruled an hour and a half ago that we were out of order probably we would have kept a little closer to our knitting. As a matter of fact the Minister of Railways admitted that not only the committee but he himself was out of order, so perhaps we are all equally guilty. I think I asked two questions that took a couple of minutes, so I do not feel particularly guilty. And if we have taken up one afternoon and part of another in committee we have some amendments and proposed amendments to this bill which are worth it, and we hope to get still more. So we are encouraged to go on and make suggestions. The Prime Minister says that the Duff commission, composed of eminent men, had spent, not a whole afternoon, but nearly a whole year—at intervals of course—in producing the report on which this bill is based. We are going to swallow it all in two afternoons! We are responsible to our constituents. The people are not going to ask me, What did the Duff commission think about it? What did the Senate committee think? They are going to hold me responsible. My constituents look to me, not to the Duff commission nor even the august Senate. It did good work, and so did the Duff commission, but after all we are the representatives of the people, who, I still believe, own this great railway although it is claimed by some to belong to the bondholders. In the last analysis we are the ones who will be held to account as to what is being done with it, as well as the government. The Prime Minister having settled it all in his own mind, everything shaped up fine a whole year of propaganda through the press to prepare public sentiment, a commission sitting to help formulate it, educational if you will, and the Senate making some important amendments—why can we not let it slide through without so much talk? Of course the Prime Minister is disappointed. But he will have to take it out in disappointment. We would be like the minister himself, abrogating our duty, if we took any other attitude. The government themselves apparently want to wash their hands of the administration of this road, handing it over to a board

that they themselves appoint and to an arbitral tribunal consisting of the chairman of the Board of Railway Commissioners. I am sorry to differ from the Prime Minister for he has not done too badly in his unusually mild strictures. He expresses disappointment, but just the same we have to discuss this bill in order to improve it further and now I have taken about five times as much time talking about the objection the Prime Minister made as I did in asking my two original questions. But he himself is the author of this delay, not the opposition.

The CHAIRMAN (Mr. Gobeil): I was not aware of the amendment until a few minutes ago. May I remind the hon. gentleman who has just spoken that I was under the impression he was out of order. This amendment reads:

That all the words after the word "means" in line 10 shall be deleted and in place thereof shall be inserted the words "Board of Railway Commissioners for Canada."

I have no objection to hon. members answering the Prime Minister, three of them have already done so, but may I ask the committee to discuss the amendment.

Mr. MACKENZIE KING: In view of what the Minister of Railways has said, that he proposes himself to move an amendment to a previous section, which will ensure the Board of Railway Commissioners considering in the first instance any abandonment of lines, I think with the leave of the house the amendment might be withdrawn.

Mr. MANION: That will be satisfactory to the government.

Mr. SANDERSON: Mr. Chairman, I would like to go back to the question I brought up about half an hour ago in regard to the Canadian National lines in the United States. I do not think the explanation the minister gave me was very clear, I do not quite understand it. I find that the Canadian National system, which is owned by the taxpayers of this country, has almost 2,000 miles of railway in the United States.

The CHAIRMAN (Mr. Gobeil): Order. This has nothing to do with the amendment.

Mr. SANDERSON: The amendment is withdrawn, I understand.

The CHAIRMAN (Mr. Gobeil): Is it the desire of the committee that this subamendment be withdrawn?

Amendment withdrawn.

Mr. SANDERSON: Then, Mr. Chairman, If I am in order I would like to continue.

[Mr. Motherwell.]

Mr. MANION: I do not wish to suggest that the hon. gentleman be limited, but may I suggest that we stick to the clause under debate? The question the hon. gentleman is asking at the moment has nothing to do with the tribunal. When some appropriate clause comes up if the hon. member will ask his question then we will explain.

Mr. SANDERSON: With all due respect, I have no desire to prolong the discussion—

The CHAIRMAN (Mr. Gobeil): Well, the hon. gentleman must stick to the subsection unless the committee desires otherwise.

Mr. SANDERSON: My contention is that my question does relate to this subsection, because it refers to the tribunal and also to the trustees.

The CHAIRMAN (Mr. Gobeil): We have not come to the trustees yet.

Mr. POULIOT: On a point of order, Mr. Chairman, I submit that we are discussing now a bill which is based on the report of the commission. According to the statement made in this house by the Minister of Railways the bill we have now before us has been drafted mostly in accordance with that report. The minister can contradict me if I am wrong. Now may I point out that on every clause of the bill we can discuss what has been said by the commissioners on that clause, and we can discuss the person or pedigree of any commissioner, and be within the rules. I will not impose on the house, but may I say this, that I am the most amenable man in the world when I am supplied with the information I am entitled to every time I ask for it. And may I pay this tribute to the hon. gentleman who is Minister of Railways, that very often I have put questions on the order paper and have been courteous enough to telephone to him beforehand, but the Prime Minister blocked the answer every time.

Some hon. MEMBERS: Order.

The CHAIRMAN (Mr. Gobeil): Order.

Mr. POULIOT: That is why the Prime Minister is the last man who can blame us for seeking information on the bill.

The CHAIRMAN (Mr. Gobeil): I cannot see the point of order. Does the section carry?

Mr. SANDERSON: Mr. Chairman, I am speaking now on subsection (j).

The CHAIRMAN (Mr. Gobeil): May I remind the hon. member that we are on subsection (h)? Does subsection (h) carry?

Mr. MANION: My hon. friend will be quite in order on subsection (j), if he will wait a minute or two and let the two preceding subsections pass.

Mr. McKENZIE (Assiniboia): I would like to ask if the tribunal will have power to deal with all services, such as the closing of railway stations and matters of that kind?

Mr. MANION: The tribunals deal only with disputes. It is the hope of many that there may be no tribunal; in other words, that the railways will be able to cooperate and so obviate that necessity.

Mr. STEWART (Edmonton): The minister does not propose offering an amendment with regard to the constitution of the tribunal?

Mr. MANION: No. There is one amendment but it has no reference to the constitution of the tribunal. There was a suggestion with respect to the power of the chairman of the tribunal in the event of there being five on the tribunal, the purpose being to give him a somewhat more limited power. However, we can deal with that when we come to it. It does not affect the question at issue now.

Subsection agreed to.

On section 3, subsection (i)—Trustees.

Mr. STEWART (Edmonton): I listened with a good deal of interest to the statement of the Prime Minister with regard to the changing of the name from directors to trustees. Personally I favour the appointment of three, but I hardly understand why the change in nomenclature is made. If it is done to indicate that the national railways are in receivership, then of course trustees is the appropriate term. As that is not the case however, the property being after all the property of the government of Canada in the name of the people—at any rate they are guarantors of all its obligations—I cannot understand the reason for the substitution of trustees for directors. Personally I should very much prefer a change in the definition, to read directors rather than trustees. I will not take up the time of the house elaborating the question now, but I should like to know why this change has been made. What particular purpose is being served?

Mr. BENNETT: The word directors has a well defined meaning. The law usually requires that directors shall be shareholders, and there is a provision in our statute that obviates the necessity of the directors of the Canadian National Railways holding shares. The term directors means those who direct. As this property is in the financial condition in which it is, but for the fact that the dominion has guaranteed the securities it would be in the hands of a receiver. That is the point I endeavoured to make, and I repeat it: But for the fact that this country, so long as it remains solvent, cannot permit the Canadian National Railways to go into receivership, we having guaranteed its obligations, it would be inappropriate to use the word receiver, and therefore trustees carries the exact sense that attaches to the word, namely, those who are charged in trust with the responsibility of carrying forward the undertakings that are mentioned in the statute itself. The word was one which it was difficult to obtain, so I was told by the commission. It is not easy to find a word with the exact shade of meaning. Receiver would carry an impression as to the insolvency of our own country.

Mr. MACKENZIE (Vancouver): The word was recommended in the Drayton-Acworth report.

Mr. BENNETT: I thank my hon. friend for reminding me of that fact. In choosing the right word to express the meaning, difficulties are met with for reasons which I think will be apparent to every lawyer. I agree with the hon. member for West Edmonton that, unless he has followed the legal side of it with great particularity, the necessity for using some word other than directors might not be so obvious. Neither the word directors nor the word receiver being quite adequate under the circumstances, the use of the word trustees sufficiently indicates the legal position of the three gentlemen to be appointed.

Mr. STEWART (Edmonton): Is it possible for this utility—perhaps that is the proper expression—under present peculiar circumstances, ever to be in the position of receivership so long as Canada is solvent? I can only speak from the point of view of a layman, but I do not think the word that is being used conveys the right impression. The gentlemen who are going to undertake the control and administration of the road are to be designated trustees, and personally I have very great objection to that. I do not think that any good purpose is being served by changing the name, because under no circumstances, so long as Canada is solvent, can the Canadian National Railways be declared to

be in bankruptcy; if that were the case, then the dominion itself would be bankrupt. For that reason I take very strong exception to the change. I do not think the proposed definition is applicable to the Canadian National Railways as such.

Mr. MALCOLM: The expression trustee was first used I believe in connection with the administrators of our national system, in section 31 of the Drayton-Acworth report. Personally I have no objection to the term, but I do agree with my hon. friend from West Edmonton that it is not a happy expression. A trustee is someone who holds something in trust. We are not turning over the property to these trustees; we are simply engaging them to administer it. There is no transfer of assets to these men as is the case when a private business goes into liquidation and a receiver is appointed, or when there is a trustee for its administration. I do not think it makes a great deal of difference whether we call them trustees or not, but the Prime Minister's point is that, were the national railways a private corporation, it would be in the hands of a receiver, being administered for the shareholders; and as the road is in that unfortunate position it is necessary for the shareholders, who after all are the people of Canada, represented by every member in this House of Commons, to appoint trustees in perpetuity. I do not want to anticipate any of the sections of the bill. We have been dealing with sections that have been passed, but when we come to section 4, if I may refer to it for a moment, it will be seen that we shall have to give the governor in council power to dismiss all existing directors, and the right to appoint in the place of directors certain men who are cited as trustees. Section 4, subsection 1, would indicate that the directors of the Canadian National Railways, who have been directing, are to be succeeded by some other men who are to do something more than direct. I cannot imagine, but perhaps the Prime Minister or the Minister of Railways can explain, what these men are to do that has not been done by the directors. Certainly the financial problem is not facing them; any deficits they have are guaranteed by the government. The one problem that does seem to face them is the problem of the economical administration of the railways in order to reduce deficits and if possible to produce a surplus. So that in so far as the name is concerned, it matters little; what they are engaged for is the purpose of efficient management of a public utility which is owned by the people of Canada and which is not being handed to them in trust. They could be called commissioners. As trustees they do not own the property, nor are they asked to hold the property in trust. They are not even asked to hand the property back after they have placed it on a basis of efficient administration. A receiver is usually appointed for one of two purposes: either to liquidate and wind up the business or to administer it more successfully than it has been, and when it is in good shape to hand it back to the shareholders. That is not the intention under this act, because these men are being appointed in perpetuity. You can call them trustees or directors, but I contend that their function is practically the same as the function of the previous directors.

Mr. BENNETT: I do not intend to trespass too much upon the time of the committee, but the hon. member for West Edmonton (Mr. Stewart) has asked a question to which I will at once give the answer: It is possible to appoint a receiver of an enterprise the securities of which are guaranteed by the Dominion of Canada. In the case of the Grand Trunk Pacific Railway, a statutory receiver was appointed in the person of the Minister of Railways. It would be possible to appoint a reeciver for the Canadian National, despite the guarantees. One reason why it would be difficult in practice to carry it into effect is the fact that the system consists of various enterprises linked into one whole. Without an enormous amount of accounting effort, it would be difficult to establish the insolvency of one particular section as distinguished from another. One piece of road, the bonds of which might be guaranteed by the province of Alberta, might be producing an operating surplus, while another, the bonds of which were guaranteed by the Dominion of Canada, might be operating with a great deficit and the two linked together might show a deficit. It would require a tremendous amount of accounting effort, such as took place at one time in connection with the properties in Manitoba and Saskatchewan, to determine those facts. I answer the question by saying: Not only is it possible to appoint a receiver of a property the securities of which are guaranteed by the Dominion government, but it has been done in the case of the Grand Trunk Pacific Railway, the Minister of Railways being appointed as the statutory receiver.

Mr. STEWART (Edmonton): That was when they were taking it over from the private owners.

Mr. BENNETT: Taking it over was the result of the receivership.

Mr. STEWART (Edmonton): The difference now is that the roads have been taken over.

Mr. BENNETT: Quite so, but it is still possible to put them into receivership because they cannot pay their fixed charges. I suggested some days ago that the legal position of the security holders would be that the title would stand in the name of the taxpayers of Canada. In reality the roads were built by those who loaned the money with the guarantee of the people of Canada that it would be repaid. Inasmuch as an operating surplus has not been earned and the properties have been in default year after year, they would pass into the hands of a receiver but for the guarantee. We are endeavouring to continue the existing condition rather than to create a receivership, the receivership not being for the shareholders, as suggested by the hon. member who has just taken his seat, but for the security holders. I think that is what he intended to say.

Mr. MALCOLM: Yes.

Mr. BENNETT: These security holders are scattered all over the world. I should like to answer the question asked by the hon. gentleman. The purpose alleged by the commission was to remove all possibility of political control of the enterprise. When I use the word "political" I use it in a large sense as indicating what the commission referred to as the pressure which is sometimes exerted, not by parties but by communities, and which constitutes political pressure to bring about a given result. The effort was to remove that. I think any of us would in private conversation admit that the members of the board of directors of the Canadian National Railways have all been political appointees. If the committee were to review the history of this board from the time of the first appointments down to the present, I think it would be unanimous on that point. In order to remove that possibility it was suggested that three trustees should take the place of the directors and constitute an administrative trust. I do not think the hon. gentleman has been misled by the use of the word "trustees"; I do not think he believes that the appointment of these trustees will necessarily mean the holding of property.

Mr. MALCOLM: An administrative trust is usually given ownership.

Mr. BENNETT: Not always; it is quite the opposite in many cases. Inasmuch as the securities exist to the extent to which they do and the deficits have become so great, the question of the property title becomes unimportant because under the law it is vested in the crown itself. Therefore, no transfer becomes essential. It is an administrative trust, and being an administrative trust, the trustees are possessed of wider powers than were possessed by the directors. It is assumed—I use the word "assumed" because hon. gentlemen opposite may disagree—that they will be free from political pressure. That is the idea and it may or may not be possible to accomplish it. In the minds of those who had to deal with this matter, and I agree with their view, this was the last effort which could be made to maintain this property as the property of the crown and to administer it under such circumstances as would ensure efficiency and effectiveness. I believe this was the last possible suggestion which could be made because no one knows better than the hon. member for North Waterloo (Mr. Euler) the dangers which confront public ownership in laxity of control and increased expense of administration.

Mr. EULER: The Prime Minister states that by the appointment of these trustees he is removing the national railways as far as possible from political control or influence. The right hon. gentleman has stated that the members of the old boards were political appointees. That is perfectly true, but as I understand it, the members of this board will be appointed by the government.

Mr. BENNETT: Certainly; that is the only way it can be brought into being.

Mr. EULER: The past boards were and this board will be political appointments. If the right hon. gentleman can show otherwise, I shall be very glad to hear his remarks.

Mr. BENNETT: I do say positively that the trustees will not be political appointments.

Mr. EULER: But under this bill they could be?

Mr. BENNETT: It is on the assumption that they will not be that the bill is now before parliament.

Mr. EULER: How do we know they will be any different from the radio commission appointments?

Mr. BENNETT: I would not think the hon. gentleman would describe the appointments to the radio commission as political appointments.

Mr. EULER: At least one.

Mr. STEWART (Edmonton): What about the tariff board?

Mr. BENNETT: He has given evidence of splendid business foresight. I have not heard anyone charge him with political partisanship in the discharge of his duties. I assume that every man in this dominion has some political views, some men possessing stronger views than others. If a man who has voted for a Liberal candidate in a particular constituency is appointed to a position, I do not suppose that is a political appointment. That is not the conception I have of these trustees. I believe the directors drew a couple of thousand dollars a year with transportation, although I do not know the exact amount.

Mr. EULER: My right hon. friend knows perfectly well that that was not my argument in connection with the appointment of these trustees. They would have their political views, but I do not think that was the case in connection with one member of the radio board.

Mr. BENNETT: A man is not unfitted for a task because he has been interested in politics. I make that statement with absolute frankness. The other day a gentleman who had supported a vote of want of confidence in this government during this session was appointed to the tariff board.

Mr. MACKENZIE KING: All the rest of the time he voted with the government.

Mr. BENNETT: No, he did not; the records will show how he voted.

Mr. MACKENZIE (Vancouver): Perhaps he had second sight.

Mr. BENNETT: What is more, he had not the slightest idea that he would be appointed until five days before he was appointed.

Mr. EULER: What is meant by a political appointment?

Mr. BENNETT: I take it that a political appointment would be the appointment of a man who had been of very great assistance to a political party but who had no qualification other than that for the position to which he was appointed.

Mr. EULER: The first part goes, but not the second.

Mr. BENNETT: Certainly, it does. That is a political appointment pure and simple. I could name appointments made by the late administration—

Mr. MALCOLM: Not coming under that definition.

[Mr. C. A. Stewart.]

Mr. BENNETT: Yes, coming under that definition.

Mr. MALCOLM: Without any ability?

Mr. BENNETT: Without ability of any kind. Now let us go a step further. I answer the one question by saying this is an administrative trust; I answer the question of the hon. member for North Waterloo by saying that the reason the governor in council makes the first appointments is that you must initiate the appointments. The chairman of the board will be a full time man; the others may not, but for the first year or two I think they would have to devote all their time to the business of the railways in order to get the work started properly. In this country we have no such reservoir to draw from as they have in a country like England, for instance. Look how simple it was when they had to appoint a tariff commission. One member was Sir George May, and I suppose no one knows whether he voted for or against the national government at the last election. Another member was Sir Sydney Chapman, and there was one other whose name I do not recall. There they have a reservoir of highly trained and skilled men to draw from. My right hon. friend knows how difficult it was to fill posts to his satisfaction when he was prime minister. No one who has not been prime minister realizes the anxiety to secure the best available man for every position, judicial, administrative or otherwise, and the number of people who are willing to serve the country at any particular moment is most amazing. But I assure the committee that the selection of judges, for example, is one of the most difficult tasks facing any thoughtful man who has regard for our institutions.

Mr. STEWART (Edmonton): You are never short of candidates.

Mr. BENNETT: The hon. gentleman is quite right, but you cannot say to a man, "You are unfitted for this task," because no man takes kindly to any reminder of his own weaknesses. I am not casting aspersions upon anything that has been done previously, but it is amazing what pressure has been able to do for men whose only qualification was their ability to provide that pressure. I make that statement to this committee with great frankness.

The reason the trustees have been selected is to avoid, so far as possible, any suggestion that political considerations are the controlling factors. It is thought that the word "trustees" more aptly expresses the functions of these men who have the powers of directors, and

many more powers; who are clothed with the authority of directors but also much greater authority; who are not receivers but who are administering the property in the interests of the shareholders, as my hon. friend very properly observed, the idea being to see to it if possible that the amount of money earned is sufficient to pay first the operating expenses and then interest on the investment. The committee must realize how serious this matter really is. In the month of February this system did not earn its operating expenses. Just think what that means to this country, with 22,000 miles of railway track that did not earn enough to pay operating expenses.

Mr. MACKENZIE KING That is happening in all lines of industry.

Mr. BENNETT: It is happening in all countries. In some industries that is not so, but it has happened wherever there has been a displacement of traffic by reason of the introduction of motor transport and for various other reasons, together with the present stagnation of world trade. I think on consideration the committee will agree, despite what has been said by my hon. friend from West Edmonton, that the word "trustees" is the proper word giving the exact shade of meaning with regard to the duties of these gentlemen who will administer the property.

Mr. STEWART (Edmonton): I shall not detain the committee more than a moment or two. I do not intend to traverse the ground that has been covered by the Prime Minister and others who have spoken, but I must confess that I cannot see anything in the act that warrants the change of name. This board of three will meet all requirements and will resist the pressure which is brought from various sections of the country, as the Prime Minister very properly said, in order to secure concessions from this utility which they are not entitled to receive. I thoroughly agree with the Prime Minister in that respect; I think the reduction in number will meet this very serious objection which we have had to consider up to the present. That is why I am in favour of this proposal. But since this utility is not in bankruptcy, in my opinion the word "director" expresses much more aptly the functions to be performed by the individual appointed. I am not concerned with whether or not the appointment is political so long as the individual will give his whole time and energy to the administration of this utility and endeavour to save it from utter ruin. If that is to be done I am in favour of the appointment, and I am decidedly in favour of the number being three. They will not be sectional in any particular, but why should we change the name? Undoubtedly the government have decided that this is the proper name for these administrators, and I presume that name will be adopted. Perhaps it will not make any material difference, but I do not like what it implies, and I would much prefer to have the name "director" remain in connection with those administering this utility.

Mr. POULIOT: I was very much interested in the remarks of the right hon. Prime Minister, but I do not clearly understand the difference between a trustee and a receiver. I have Webster's dictionary here. It is a United States dictionary, but it does not contain slang. I hope I am in order in reading the definition given by Webster for the words "trustee" and "receiver." The first definition is that of a trustee:

Law. A person, whether real or juristic, to whom property is legally committed in trust; one entrusted with property for another; one in whose hands the effects of another are attached by the trustee process.

In this bill we have the trustee process.

Mr. HACKETT: That is not the first definition given; the first is, "a person who holds property in trust for another."

Mr. POULIOT: The next definition is:

Trustee, v.t. Law.
(a) To commit (property) to the care of a trustee; as, to trustee an estate.
(b) To attach by the trustee process. See garnishment.

I would ask my hon. friend, who no doubt knows Webster by heart, to tell me the meaning of the letters v.t. I am sorry to take up so much time, but I should like to indicate how I should answer these questions if I were in the place of some of my hon. friends. The second definition refers to the verb, but in the bill we have the substantive. My knowledge of English perhaps is not as great as that of my hon. friend from Stanstead, but I know the difference between a substantive and a verb. Now let us see the word "receiver." If my hon. friend is not satisfied with this scientific pleading he should recite his own version. Webster's definition of receiver is as follows:

1. One who takes or receives in any manner.

There is no difference there:

2. One who receives on behalf of others:
(a) A person appointed to receive money due; a treasurer.
(b) Law. A person appointed, ordinarily by a court of equity jurisdiction, to receive, and hold in trust, money or other property which

is the subject of litigation, pending the suit, as in case of a person incompetent to manage his property, or of the dissolution and winding up of a partnership or a corporation, etc. The receiver is an officer of the court—

Parliament is the high court:

—and the property held as such by him is not subject to process other than in the case itself. He often obtains authority to continue and manage the business as a going concern.

The definition of trustee in this bill is no definition at all. I think I shall surprise the right hon. the Prime Minister and the Minister of Railways, because I have taken note of all the amendments.

Mr. CHAPLIN: Why not move an amendment on the subject?

Mr. POULIOT: I wish to explain my position first, and if the hon. gentleman is then convinced I shall be satisfied. I say, Mr. Chairman, that here is an amendment that was made in the second draft of the bill; it did not appear in the original bill. The definition in the bill of "trustees," namely,

"Trustees" means the trustees appointed under part I of this act, and includes their successors—

—is no definition at all. It is a conundrum. I quote again from Webster's definition of "receiver":

The receiver is an officer of the court, and the property held as such by him is not subject to process other than in the case itself. He often obtains authority to continue and manage the business as a going concern.

3. One who takes or buys stolen goods from a thief, knowing them to be stolen.

He does not mention a knight.

4. That which receives; a receptacle; specif.: (a) Chem. (1) a vessel connected with a retort, or the like, to receive and condense the product of distillation; a matrass,

And so on. To conclude, there is no distinction between a trustee and a receiver, except in law, and as we are making a law here we can give to any word its legal meaning. If the Canadian National Railways are not bankrupt, if the right hon. the Prime Minister was wrong when he said that the country had attained its borrowing limit, then I leave it to the fertile imagination of the right hon. the Prime Minister to find another word than trustee or receiver. He has a great wealth of expression, and in his rich vocabulary he may find another word which is not so humiliating because if "receiver" is humiliating, "trustee" is just as humiliating.

Webster also defines "receiver's certificates", and in that connection he speaks about railways. There is great profit to be had in consulting a dictionary. Webster defines a receiver's certificate as follows:

An acknowledgment of indebtedness made by a receiver under order of court to obtain funds for the preservation of the assets held by him, as for operating a railroad. Receiver's certificates are ordinarily a first lien on the assets, prior to that of bonds or other securities.

There are no words in the English language which have such significance as "trustee" and "receiver." The word "trust" in itself is a nice word. One thinks of Montreal Trust, Royal Trust, and so on. That is the first point I wish to make, that there is no difference in meaning between "trustee" and "receiver." When the Prime Minister was making a distinction between trustee and receiver he was simply wasting the time of the house and he took half an hour over it, while I have taken only five or ten minutes to give my demonstration that there is no difference in meaning between the two words.

May I say, Mr. Chairman, that we are not to be governed by words but by a strong policy, and that policy must first of all be framed after due consideration. We have some nice words about the appointment of the trustees. I know the Prime Minister is troubled at times to fill the position from amongst so many applicants, and he has my sympathy, but he has made good appointments, to the bench at least, upon which I congratulate him; I give the devil his due —I hope I am in order, Mr. Chairman.

What are the qualifications for a trustee? He must be a man above politics. What do I mean by that? I mean that a man who is a candidate for the position of trustee must be a man who can put aside his personal views and consider the public interest. He must allow no political affiliations to interfere with the fulfilment of his duty. That is the first qualification.

A trustee should also be a big man, not physically but mentally, a man who can put the public interest before his own in all his dealings with the railway.

Then he must also be a man who has had wide experience in the railway business. He must be able to decide railway questions. What I say of one trustee applies to them all; they should be able to give a decision on all matters that are submitted to them.

An hon. MEMBER: Carried.

Mr. POULIOT: Thank you for your support. Every time I am interrupted I shall repeat what I said before, which will make my speech twice as long, although it is not a regular speech, but rather observations that I am making for the benefit of the government.

I have said that the trustee must put the public interest before his own in all his dealings with the railway, and that he must have experience and good judgment. Good judgment is essential, because the trustees will be above the government and above parliament. They will be given a free hand to decide questions of vital importance to the future of this country. So the Prime Minister will have to find among his supporters or amongst those to whom he does not give the cold shoulder men with good judgment. He cannot find them among his own supporters. Will he find them in the Canadian National Railways or in the Canadian Pacific Railway? If he finds them in the Canadian Pacific, people will say that he is favouring that railway against the Canadian National, and if he finds them in the Canadian National, the country will be saddled. That is why I understand the Prime Minister's difficulty. But whether he gets the trustees from the Canadian National or the Canadian Pacific, they will have to be given a free hand provided they are men of superior intelligence, and I say superior intelligence because I believe in superior men, not in supermen. A trustee must have given proof of his ability and experience. It will not simply do for the Prime Minister to listen to advice that Joe or Tom or Sir Joe this or Sir Tom that is a fit person for trustee. He must judge the trustee by his own accomplishments, and in what field? In the field of railway business, and in that field alone. A man may be successful in other walks of life, he may be a good business man, but he is not necessarily qualified to occupy an important position having to do with the operation of railways. I ask for the appointment of a technician, a man who has had experience in railway matters, who is familiar with the theory of railway building and engineering, and who has a sense of decision.

Sir EUGENE FISET: A sense of humour.

Mr. POULIOT: We seldom find a sense of humour on the other side of the house, except upon occasions when hon. members relax. How can the Prime Minister or the Minister of Railways expect satisfactory results from incompetent officials? I am afraid I cannot congratulate them upon some appointments they have made to the bench; I am sure that they must regret what has been done. We know the difficulty with which the government will be faced if it appoints a man from either the Canadian Pacific or the Canadian National railway. If they go outside the country will they take a man who is familiar only with underground railways, when, as the Prime Minister has said, the Canadian railways stretch from ocean to ocean? There is a great difference between managing underground railways in London and managing the Canadian National or Canadian Pacific systems. I do not know who have made applications to the government for these positions; as a matter of fact I do not know whether any applications have been made. Furthermore I cannot say who has been recommended. May I tell the government however that if they wish to make a wise choice, one with which they will be satisfied, as the Prime Minister has been listening to one of his supporters during my speech he need only read from Hansard what I have said. In Hansard, of April 18, he will find the suggestion I made.

I have no desire to delay the passage of the legislation, and should the government believe that I have, it would be badly mistaken. If I am satisfied with the measure submitted to the house, and if I receive decent answers to my decent questions I am content to support the government. However the more refusals I have, the more questions I will put. I do not wish to make trouble in the house, but I am firm in my views, representing not only the people in my constituency, but the employees of the railway systems and the taxpayers of Canada who are bound to pay if the revenues from the railways are not sufficient to cover operating expenses.

Mr. SMITH (Victoria-Carleton): We have had a most wonderful exhibition of lawyers quibbling over distinctions without differences. What does it matter whether we call these men trustees or directors? There is no difference. The Prime Minister has pointed out definitely the reason for calling them trustees. Ever since I have been a member of the house the hon. member who has just spoken, and other lawyers, have taken up a great deal of time in discussion.

Mr. SPEAKMAN: Before that.

Mr. SMITH (Victoria-Carleton): They quibble and quarrel over matters that are of no real importance. That is one of the worst features of the discussions in this house. This country is in no mood to listen to a lot of foolish quibbling over nothing. My advice would be that some of the lawyers in this house should have less to say.

Subsection agreed to.

On section 3, subsection (j)—Undertaking.

Mr. POULIOT: Does that mean the burial of the Canadian National Railway? I suggest the trustees should be named undertakers.

Mr. SANDERSON: The minister gave an undertaking to answer a question I asked about fifteen minutes ago.

Mr. MANION: When the hon. member asked the question I made an explanation with which he was not satisfied. What does he wish to know? I shall do my best to answer him.

Mr. SANDERSON: I shall endeavour to put my question as clearly as possible.

Mr. BENNETT: I know what the hon. member's question was. Probably I could save time by endeavouring to answer it.

Mr. SANDERSON: If the Prime Minister is a mind reader he might answer it.

Mr. BENNETT: The Canadian National system, as such, owns all the shares of the Grand Trunk Western. That is, they own the whole of the Grand Trunk Western. But our legislative arm does not extend into the United States, except in so far as administration is concerned. Over that, of course the trustees have authority, which they exercise. By virtue of the fact that the shares of the Grand Trunk Western are owned by our road, their control will be complete.

Mr. SANDERSON: In addition to the Grand Trunk Western there are three others.

Mr. BENNETT: The Central Vermont—that is in the same position. Perhaps the hon. member will recall that during the days of the late government the suggestion was made that we should not guarantee the securities of the Central Vermont, it being an American road. What we did was to guarantee the securities of the Canadian National Railways, to borrow the money on the strength of the guarantee, and to put the bonds of the Central Vermont into the treasury of the Canadian National Railways.

Mr. SANDERSON: There are two other companies in the United States which the taxpayers of Canada own, namely the Atlantic and St. Lawrence, and the Duluth, Winnipeg and Pacific.

Mr. BENNETT: The Duluth road, running from Winnipeg to Duluth was built by MacKenzie and Mann. I believe the original name of the line was the Duluth, Winnipeg and Pacific. When built, control of the road was held by the Canadian Northern Railway Company. When the Canadian Northern became part of our system we secured control, partly by the legislation of 1922 and partly by legislation in connection with the loan of $45,000,000 to the old Canadian Northern Railway. The other is a short road running down to Portland, Maine, and is part of the old Grand Trunk system.

Mr. SANDERSON: That does not answer my question. As a matter of fact I did not put my question. It is in regard to the approximately 2,000 miles of railway that the people of this country own in the United States. My question is, when this act becomes law who will control and manage that 2,000 miles? Will it be the directors who are now in control—I mean the directors of these companies controlling the mileage in the United States—or will it be the trustees? I am aware that under this act the board of directors of the national railway is wiped out, that the trustees step in and take their place. But will the trustees step in and take the place of the directors of these several companies in the United States? Will the trustees be in control over and above the boards of directors? I think I can see that in another country there may be a different board of directors, but will the trustees under this act control that mileage in the United States?

Mr. BENNETT: The answer is yes, just as to-day. The head office of the Canadian National Railways at Montreal is responsible for the direction in the broad sense of the whole system, including the 2,000 miles in the United States. As far as the personnel of the directorate is concerned, there are directors of the United States roads who are not members of the directorate of the Canadian National railway system. As the minister said, it might be possible for a trustee to be a director of one of the four American roads, and he probably would be. The administration of the trustees extends to the whole system, but it must be exercised directly in Canada and indirectly in the United States.

Mr. SANDERSON: May I ask the Prime Minister another question arising out of the first? Will these trustees have authority, without coming to the parliament of Canada, to sell out the system in the United States, for example, or any part of it? They might sell the mileage of the Grand Trunk Western. Have they the power to do that under this act?

Mr. BENNETT: No.

Mr. SANDERSON: Is the Prime Minister quite positive about that?

Mr. BENNETT: With the amendment proposed by the minister.

Mr. SANDERSON: But there is no amendment yet.

Mr. BENNETT: But we said that on the second reading we proposed to introduce a provision against amalgamation; it will also provide against sale.

Mr. SANDERSON: If no amendment had been added they would have had the power under this act?

Mr. BENNETT: I do not say that. I think not.

Subsection (j) agreed to.

Section agreed to.

On section 4—Nominations and appointments to board of directors to be vacated and three trustees substituted for original incorporators.

Mr. MANION: In regard to section 4, there is a rearrangement of subsection 2 which will make it a little clearer without changing the meaning of the clause. I will read it and then ask my colleague the Minister of Public Works to move it. Subsection 2 will reads as follows:

(2) One of such trustees shall be their chairman. He shall devote his whole time to performance of the duties of his office and shall not be an officer nor after his appointment as trustee become, otherwise than by reelection, a director of any company other than a company which is comprised in national railways.

Mr. MALCOLM: Before we deal with subsection 2 I would like to move an amendment to subsection 1 of section 4. May I suggest that my reason for doing so is that I think it would be well for the government to treat the House of Commons as a committee acting for the shareholders of the nationally owned railway system? The Prime Minister said he had every desire to remove any semblance of political influence, and speaking on the bill I think at the time it was introduced, and again this afternoon, he referred to the fact that this system so far as its financial position is concerned would be treated as a system in liquidation were it not for the guarantee of the Canadian people, and that that was the reason why trustees were to be appointed. We do not all hold that viewpoint, I think. But in any business I contend that the shareholders are the ones who appoint the trustees. This question was just as carefully considered by the Drayton-Acworth commission, I think, as it was by the Duff commission If we refer to the report of the royal commission on railways and transportation of 1917 we find on page lxxxii, section 31, the following recommendation:

We recommend that there be five trustees, three railway members, one member selected on the ground of business and financial experience, and one as specially possessing the confidence of railway employees; that the original trustees be named in the act constituting the board; and that their tenure of office be substantially the same as that of judges of the supreme court.

Whether or not in this legislation the tenure of office is substantially the same as that of judges of the supreme court, the legislation does provide for continuity. It provides that the men shall name their successors. It is a permanent administrative trust, to use the Prime Minister's expression. No doubt the Drayton-Acworth commission had in mind that should the property be placed under the control of trustees, the right of the shareholders required that they should know who these trustees were to be. May I also suggest to the Prime Minister and to the Minister of Railways that what I said a moment ago with regard to the type of man appointed trustee is important. I do not think we need a financial man; the financial problem of the railway is more or less settled by the fact that the government of Canada will have to pay the deficits. What we want as chairman of the board of trustees is the most efficient railway manager that can be obtained on this continent; for the problem is one of efficient management. I concur in the view expressed by the hon. member for North Waterloo that the purpose of this railway is to give efficient and economical service to the people of the Dominion of Canada. If that service can be given through good administration, through careful expenditure of money, and through effecting economies, it will be done by a railroad operator, not by a financial man. In selecting the trustees my suggestion would be that a very capable railway operator be included.

As far as the collapse of transportation is concerned, to which the Prime Minister has referred, I contend that it is no different from the shrinkage in volume of most businesses at this time. It is as good an index of volume of trade as can be obtained—in fact carloadings are now used as an index showing how trade is falling. We cannot entirely predicate this legislation on the emergency that now exists, for that is not going to continue; if it does, of course, the whole situation is beyond repair.

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

After Recess

The house resumed at eight o'clock.

HOSPITAL SWEEPSTAKES

The house resumed from Tuesday, April 11, consideration of the motion of Mr. Power for the second reading of Bill No. 67, with respect to hospital sweepstakes, and on the proposed amendment thereto of Mr. Carmichael.

Mr. G. D. STANLEY (East Calgary): I shall not prolong the discussion of this matter to any great length. When the hour for private and public bills expired the other night I had stated that this bill as presented introduced gambling pure and simple, and I further contended that hospitals would not be benefited by the financial assistance derived from this particular form of raising money; that is to say, they would not benefit in the long run.

May I now take a moment or two to review briefly the development of gambling, particularly towards that gambling on the smaller scale. If we follow the history of gambling in the old countries we shall recall that for a considerable time competition in horse racing involved a large amount of gambling, but that was on a different plane altogether from the sort of petty gambling which is introduced in this bill. As time went on the habit spread among a large section of the people and they began to gamble on the racing of dogs, hounds. This went on until gambling was engaged in on a still smaller scale, so that next we find people gambling on the racing of jack rabbits, then on the leaping of bullfrogs, and on a still minuter scale on the racing of cockroaches across the table or the floor, indeed, gambling on the ability of fleas to outdistance one another. In this bill we have gambling on an even more insignificant plane, because the chief virtue in the competition here is the ability of a person to draw a piece of cardboard out of a hat. There is something to be said for the person who wishes to place a bet on the ability of one horse or some other animal, to beat another in a race, but anyone who wants to be reasonable will agree I think that the ability to guess successfully the drawing a card out of a hat is not one of great significance.

This bill undertakes to legalize gambling and it undertakes to legalize the pettiest forms of the practice; and what is still worse, to my mind, it undertakes to justify this by associating it with a certain form of charity. In other words, we are endeavouring to give to this petty form of gambling of which I am speaking a virtue that does not inhere in it. The bill before us introduces this form of gambling, and in order that the habit may become nationwide it provides that the provinces throughout this country may participate. Moreover, the process is to be a continuous one. No period of the year will be free from the spectacle of some part of the country indulging in this form of gambling. Again, it sets one province against another. They enter into competition, and the competition is that one province will be able to extract most money out of the others. It will therefore be a competition between provinces. It will be seen from the provisions of the bill that throughout the year at some time or other one province will be invaded by the others, if its intention is to be carried out.

One of the arguments put forward on behalf of the bill is that we shall be able to go into the United States, a neighbouring country, and there extract from the people, by this particular form of petty gambling, money to be brought here to maintain our Canadian institutions—an obligation which surely is ours as Canadians. Further, and perhaps lastly, the bill undertakes to put the Canadian provinces and Canada as a whole in a competing class with those other countries which have already degraded in this way their forms of raising of money for charitable purposes. Personally I am convinced that the hospitals will not benefit by obtaining money in this manner; it may assist them immediately but in the long run they will be distinctly the losers.

One thing that was rather curious to me was the attitude taken by the sponsor of the bill the other night. He condemned in very severe terms the method of financing the sale and purchase of wheat, a method which is recognized and has been recognized for years as essential in the handling of this product, recognized by all commission agents on both sides of the water, recognized by farmers who sell the grain, and recognized generally by all those engaged in the handling of it. True, there is an element of uncertainty. There is an undertaking to protect the purchase of wheat against what may happen to it in future sale. We can call that gambling or not, and I am not going to enter into a discussion of that question at the moment. What was anomalous however was that the sponsor of the bill, who condemned that well recognized and well established form of business in this country as in every other country, should now turn round and extol the virtues of this particular form of petty gambling. Truly, he has strained at a gnat and swallowed a camel. For my part I cannot see any virtue in the

bill. I cannot support in any way the raising of money in this manner for any purpose and above all I must refuse to support the raising of money in this way for the assistance of hospitals. In my opinion, as in the opinion of most people who are in closest touch with hospital administration, it would be detrimental to the cause of these institutions.

Mr. J. L. BROWN (Lisgar): Mr. Speaker, there is a point of view in regard to this bill held by very many people in Canada, indeed I think by the majority of the Canadian people. I wish to present that point of view, and I do it more gladly because I believe it is held by the great majority of my own constituents. The sponsor of this bill—I do not know just how serious he was in making the statement—stated that there were many hon. members of this house who would indulge in the practice of gambling if they were not deterred by the fear of being brought before their local churches or exposed in their local newspapers. That to me seems to be an admission that there is a very strong popular sentiment in this country against the principle of this bill. Is it not right that public opinion should prevail in a matter of this kind? Sometimes questions arise in this house upon which a member must judge for himself; sometimes on questions of fact, in connection with which a member has had better opportunity of informing himself than have his constituents, he must assume responsibility for acting according to his own judgment; the time will come when he will have to render to his constituents an account of his stewardship and receive their approval or condemnation. But this bill does not involve a matter of that kind; it is not a question of fact, it is a question involving the well known opinions held by a large number, in fact, as I believe, by the majority of the people of Canada. I believe that this parliament would be violating the trust reposed in it if it endorsed this bill. If there are any members who feel that they are under strong moral compulsion to support the bill; if there are any who feel that to support it is with them a matter of conscience, I have no more to say so far as they are concerned; but I do not think any hon. member will seriously contend that there is any such moral compulsion or that his conscience requires that he should give the measure his endorsation.

I do not intend to discuss the question of private gambling. I have my own personal views on that matter, and my own practice is in harmony with those views. But we should remember that it is not a question of private gambling that is involved. I am not going to read a lecture to the members of this house, who are adult men and one woman of mature years.

Some hon. MEMBERS: Oh, oh.

An hon. MEMBER: Shame.

Mr. JACOBS: Withdraw.

Mr. BROWN: I will take back the latter part of my statement. As I say, I am not going to read a lecture to the members of this house, as I do not think it would be my place to do so at this time. I have my own views as to the pernicious effects of even private gambling, but it is not private gambling we are dealing with in this bill. What we have to deal with is the matter of organized or, if you like, commercialized gambling. That is the difference which many people seem to fail to appreciate. It is not a question of making a private bet as to what horse, what hound or what rabbit can run the fastest; the principle involved in this bill is the providing of facilities for people to indulge in the practice of gambling. It is not part of the business of this parliament to provide means for people to indulge in their propensities for gambling. Laws against gambling have been placed upon our statute books because it has been well recognized from the experience gained in the past that the practice was one which affected not only the private lives or morals of men but the public interest. Because it has that effect upon the public wellbeing, this country in common with others has seen fit to pass laws against any organized form of gambling.

For the information of those who say that this is a matter which concerns only the conduct and morals of the private individual, I should like to read an extract from a news item which appeared in the Winnipeg Free Press of April 7. It reads:

> Alexander Ramsay Ross, former accountant of the University of Manitoba, was sent to Stony Mountain penitentiary for three years by Magistrate R. M. Noble in provincial police court Thursday.
>
> He pleaded guilty to theft of $14,279.85 of the university funds, the defalcations dating back to October, 1931, and continuing to March 21, this year.
>
> In a plea for leniency advanced by C. Tupper, junior, it was pointed out that Ross had given valuable and efficient service to the university since his appointment in 1923, and until the present trouble arose had always borne a good reputation. The real cause of his downfall was "playing the ponies," Mr. Tupper declared. "Legalized race track gambling, and an army of local bookmakers had got the greater part of the stolen money," counsel advised the court.
>
> A further fact stressed was that Ross had received a substantial cut in his salary—it

had been reduced from $4,500 to $3,600 a year —at a time when his client had entered into heavy obligations in connection with the purchase of a home. "Ross always intended to return the money," Mr. Tupper suggested, "but like most others who start to gamble with other people's money—he could never make the 'killing' for which he hoped."

Will anyone say that that is simply a matter of concern to the particular individual involved? Is it simply a private matter that this man should have appropriated over $14,000 of university funds? Surely this action brings it within the realm of matters which concern the public. Our statute books contain a law which legalizes gambling on race tracks by the pari-mutuel system, and in 1923 a proposal to make that practice illegal was voted down by a majority of this house. This parliament must assume a measure of responsibility for the loss incurred to the public by the misappropriation of funds by this young man. It is not simply a matter of private concern, it is a matter of concern to the public when we are to decide whether or not we are to organize institutions to enable men to indulge in their passion for gambling.

Now let us turn to the bill itself, on which the hon. member for East Calgary (Mr. Stanley) has made some comments along the lines I had in mind. This bill gives to the attorney general of any province authority to sanction the institution of a sweepstake in that province, but there shall be only one sweepstake in any province in any year. Perhaps those who framed the bill thought they were making a great concession when they said there should be only one sweepstake in any one year, but we can easily see what that would mean. It would simply bring about a succession of sweepstakes, one province vying with the other as to which would get the money. But there is another feature to it. Suppose only one province in the dominion wanted to establish a sweepstake; for instance, let us suppose that the good old province of Ontario had an attorney general who would sanction the promotion of a sweepstake. Let us suppose that every other province was opposed to the idea. In that case you would give to the attorney general of that one province, whether it was Ontario, Manitoba or any other province, the right to foist this institution upon the people of the whole Dominion of Canada. It is provided in the bill that agents shall not be appointed outside the province in which the sweepstake is organized, and I think it is provided also that advertisements for the sweepstake shall not appear in newspapers or magazines that are published outside the province. What does that amount to? It is a well known fact that many of our leading newspapers have a dominion-wide circulation, so the fact that agents could not be appointed outside the province and that advertisements could not appear in magazines or papers published outside the province would not prevent these sweepstakes from being advertised over the length and breadth of Canada, and this could be done in spite of any opinions that might be held in eight of the nine provinces. To me that seems a very great weakness in the bill. There is a section in the bill which reads:

> Nothing in this act shall prevent the sale outside of Canada by the committee or its agents authorized in writing so to do, of tickets for sweepstakes as authorized to be conducted in accordance with the provisions of this act.

I suppose so far as the sale of tickets outside of Canada is concerned you might as well pass a law trying to prevent the sun from rising to-morrow morning, but I presume the thought was that it should not be illegal to pay money to those outside Canada who might win a prize.

Mr. HANSON (York-Sunbury): Attracting a little foreign capital.

Mr. BROWN: With regard to attracting foreign capital I am heartily in accord with the sentiments expressed by the hon. member for East Calgary. I think we would be demeaning ourselves if we should say to the people of the United States: "We want to support our hospitals by giving you a chance to win a prize in a sweepstake." It seems to me that would be putting our dominion on a very low level.

I do not think it is necessary for me to take very much time to make clear my sentiments in regard to this matter. The sponsor of the bill made some reference to the Senate and he advanced another argument —though I do not think he could have been altogether serious—to the effect that the majority in the Senate was of necessity composed of wise and experienced gentlemen of high character, and that therefore we should pass the bill also. I am not going to cast any reflections on any member of this house or of any other chamber whose conscience may compel him to support this measure, but in connection with the action of the other house there is one point to which I should like to direct attention. In these days there is a disposition on the part of some to assume that all humane and philanthropic instincts are concentrated in some new party. There is a disposition also to assume that all concern

for the moral and economic welfare of the country is located in some new party, I should like to point out, because I think it is worth pointing out to the people of Canada, that the leaders of both parties in the other house opposed this bill. I am happy to believe that if this matter should come to a division in this house it will be opposed by the leader of the government and by the leader of the official opposition, no matter what the other parties may do. I think it desirable that this condition of affairs should be called to the attention of the country, and I am happy to do so at this time. We cannot afford to altogether ignore the higher principles which govern men in their relations one to another when we are dealing with these things in parliament. The Prime Minister himself has recognized that fact, and in a splendid speech a few days ago the right hon. leader of the opposition recognized the need of giving attention to some of those things which move men to action. A short time ago the former minister of Trade and Commerce (Mr. Malcolm) used these words:

> I am firmly convinced that the greatest trouble facing the world to-day is the result of a narrow spirit of selfishness, the constant thinking of monetary interests. In every dispute that arises, in every debate, economics are being placed ahead of humanity.

I should like to quote also the report of an incident that took place in the British House of Commons not so very long ago, when Mr. George Lansbury, leader of the Labour opposition, put to the House of Commons his party's latest vote of censure on the government on the score of the government's failure to deal with unemployment:

> With trembling voice the old warrior of labour addressed the house in these terms: "This old world is in its present condition because we have all been living the wrong way. We thought that we did the best for ourselves by only thinking of ourselves. We believed that the aim of life was what we got and not what we gave. I believe that the British parliament and the British nation, if they really believe in the gospel and in doing to others as they would be done unto, could lead the world in a new campaign. We can do it if we have the will, but it must be done on the basis of working in the service of one another, and none of us asking from the world more than we are prepared, according to our ability, to give back to the world.

That is a very striking phrase which might be used in connection with this bill. Mr. Stanley Baldwin, Conservative ex-Prime Minister, replying for the government, said:

> I am sure that the right hon. gentleman need make no apology to the house for the concluding words of his speech. I know that they will find an echo in many hearts throughout the house.

Perhaps with these examples before us, Mr. Speaker, I may be excused if I appeal to the members of this house to take cognizance of those things which have their effect upon human life and which play a part in developing humanity to the highest level. It would be my earnest hope, Mr. Speaker, that this house might defeat this bill without a division.

Mr. A. L. BEAUBIEN (Provencher): Mr. Speaker, before the bill passes I should like to offer a few comments. In the first place, I do not think we are going to make angels by legislation. People gamble anyway, whether you legalize it or not. It is a gamble when we come into this world; it is a gamble when every member of this house presents himself before the electors, and when you go out of this world that is the most serious gamble of all.

I am very sorry, Mr. Speaker, to have to disagree with my hon. friend from Lisgar (Mr. Brown) for the first time since 1921, but I do so sincerely. I like taking a chance myself, and I do take a chance. I would ask, is there any member of this house who does not take a chance? We all do it, and we have to do it to carry on our everyday activities. If any hon. member wishes to tell me that he has never taken a chance, a gambling chance, if you like, I shall sit down and be glad to hear from him.

I remember many years ago when prohibition was the cry in this country, and what happened? Finally every province followed the old province of Quebec in putting prohibition legislation on its statute books. The provincial governments went into the liquor business themselves, and began making profits, and the result was that the taxpayer who did not drink had his taxes reduced although he did not save very much more by that. But every province has gone into the liquor business and is benefiting to the extent of millions and millions of dollars, which is used in order to reduce taxes.

Mr. CHAPLIN: Would the hon. member name one province in which the taxes have been reduced?

Mr. BEAUBIEN: What did you do with the profits that the province of Ontario made?

Mr. CHAPLIN: Where is the province that has reduced its taxes?

Mr. BEAUBIEN: If you did not have that profit you would have to increase your taxes; that is only natural. I think the Canadian people are prepared to take advantage of the millions and millions of dollars made from the sale of liquor. Then why should I not

be given a chance to buy a sweepstakes ticket, if I want one? I do not drink liquor. I do not drink it, Mr. Speaker; I sip it.

I was amused at my hon. friend from East Calgary (Mr. Stanley) mentioning that system of gambling which is recognized by the bankers, recognized by the farmers, recognized by the grain dealers, and that is the gambling on the Winnipeg exchange. I was rather sorry to hear my hon. friend from Lisgar cite the case of a man who had robbed the university of Manitoba of $14,000. Machray robbed Manitoba university of a great deal more than that, and he never gambled that I know of or bought any sweepstakes tickets. Gambling on the wheat market and on the stock exchange is far worse than buying a sweepstakes ticket because you only buy a sweepstakes ticket once in a while, and as the hon. member for Quebec South (Mr. Power) said, you do have pleasant dreams after buying one, although your expectations are never realized. Is paying $2.50 for a sweepstakes ticket going to demoralize people? Has it demoralized the people of the south of Ireland? I ask my hon. friend the Minister of Railways (Mr. Manion). I know he knows that the people of the south of Ireland have just as high a moral character as we have.

Mr. MANION: Hear, hear.

Mr. BEAUBIEN: There is evil in gambling, yes; there is evil in drinking; there is evil in many other things that we do; but gambling exists, and I am in favour of this bill. Whether it is framed exactly as I should like I do not know. I venture to say that there are many members of parliament who have sweepstakes tickets in their pockets right now. Undoubtedly gambling exists; then why not control it to a certain degree? Do not brand people as criminals because they take a chance; for they will take it anyway. There are many people in this country to-day who are in favour of sweepstakes. There are many who feel that many of our charitable institutions and hospitals, which the hon. member for East Calgary mentioned, are not going to be able to continue to function unless they find some means of raising funds. Will my hon. friend from East Calgary undertake to find people who will contribute to keep our hospitals going? I read in the papers only to-day that the free clinic, one of the most important branches of the general hospital in Winnipeg, is closing because of lack of funds. That clinic is saving life after life with its free treatment to the people of the city of Winnipeg, but those people will be deprived of that clinic unless money is forthcoming from some place.

Do not let us be hypocrites. Let us be frank. We gamble. Let us control it. Let the people take a chance, and let it be legal for them to do so, because they will take a chance anyway. I intend to support this bill.

Hon. W. R. MOTHERWELL (Melville): I assure the house at the outset that I shall not speak long. I do not see why we have not had a vote on this question long ago. It is my desire, in case the predictions of an hon. member come true and we decide this question without a vote, to show now which side I am on. First, I am against this bill, and for several reasons. I entirely disagree with the principle. Secondly, I am glad to have the opportunity of voting with my opponents across the floor, for it is very seldom indeed that I get the opportunity. I am prouder than ever of this house to think, rightly I believe, that the leaders of the three groups in this house are against this bill. I know the Prime Minister (Mr. Bennett) dropped a hint some time ago that he was against it; I know that my own leader is against it, and I believe that the leader of the group to my left is against the bill also. It is a rare occasion for me to have the privilege of voting with all three, and I want to embrace that opportunity, in addition to opposing this bill on general principles.

I am not going to pass any strictures on the source from which this bill came, or on its sponsor who introduced it into this house excellently, from his viewpoint—and I think be believes in what he said—or on the other chamber, except to remark that had that noble old character, the late Sir George E. Foster, been still with us, this bill would not be here to-night. He was always on the side of beneficent social legislation such as this bill decidedly is not.

My hon. friend from Provencher (Mr. Beaubien) rather startled me. Gambling will be with us anyway, he said. Well, murder will be with us, and has been with us ever since Cain slew Abel. Shall we therefore legalize murder? Stealing and perjury have been with us ever since the days of Ananias and Sapphira. Shall we therefore legalize these atrocities? I know my hon. friend from Provencher does not mean what he says when in effect, he talks in that way. He was good enough to say that this is the first occasion upon which he has disagreed with the hon. member for Lisgar. Surely he made an unfortunate choice when he decided to disagree on a measure of this kind.

I should like to comment in regard to the unavoidable partnership of gamblers and

hospitals, as it appears in the bill, a circumstance which is most objectionable to me. For many years it was my privilege to administer the hospitals and public health of the province of Saskatchewan. Naturally for that reason I became keenly interested in hospitals. To my surprise I learned during those years that many men and women who took very little interest in other philanthropic or church work were intensely devoted to and interested in the maintenance of hospitals. It is a type of work which appealed strongly to some people, in fact to the extent that it almost became their religion. I am afraid if we associate with those people others who secure money in this questionable fashion we will to a very substantial extent dry up that beneficent source of revenue.

I believe we should encourage the promotion of individual giving towards hospitals. Those who have never been in a hospital is indeed in one respect most fortunate, but they have missed some valuable lessons which can be learned only in hospitals. Doubtless some have not learned the joy of giving towards those who are less fortunate and find themselves sick in hospital afflicted with one sort of ailment or another. Therefore I am of the opinion that anything which will discourage philanthropic and free giving towards hospitals should be frowned upon.

I have another reason for objecting to the bill. On a former occasion in this house I made the mistake of voting for a relatively harmless proposition. I believe it was not as bad as this one, but inasmuch as I had the example of the churches to follow I thought I was quite safe in voting for the introduction of a mild form of gambling into our exhibition associations.

Mr. STEWART (Edmonton): You introduced it.

Mr. MOTHERWELL: No, it was in the criminal code, and was under the supervision of the Minister of Justice. I supported this relatively harmless measure, and now for the first time I wish to make public the recantation of my attitude taken at that time. In those days I was younger and less guarded, and like the hon. members for Provencher (Mr. Beaubien) and Quebec South (Mr. Power) have done now, I made a mistake. For reasons which I shall not enumerate I am not now going to repeat that mistake. I should be much happier to support a restrictive measure against gambling than the one now before the house. Of all times under the sun to open up and increase facilities for gambling, this is the worst I can imagine.

Undoubtedly there are many hon. members in the house who are not averse to gambling, who may not be averse even to this type of gambling, which is pure chance. Perhaps in normal times they would support the measure before us. However I believe their best judgment will tell them that the excessive spirit of gambling and chance during the last twenty or twenty-five years is one of the reasons why people in Canada and in other parts of the world find themselves faced with the ghastly depression in which we are now weltering and wallowing, and from which God only knows when we will recover. Surely to increase facilities for gambling would at this time particularly be nothing short of a crime.

I submit my views to the house without any intention of offending, and without criticizing any hon. member whose views may be different. However I feel that if we in this chamber opened up further channels for gambling the electors of Canada would think we had gone plumb bughouse. This is not a matter of speculating on the wheat pit. A man well versed in market conditions has some knowledge of world prices of wheat, and general conditions, and his knowledge and skill stands him in good stead. But when we have something that is a pure game of chance, a lottery, at which any kind of dub can make a lucky try, we have the most vicious and objectionable type of gambling.

Then, in regard to the man who gambles on race horses, I could make a few comments. By the way, that matter came to my notice in the Department of Agriculture and has been a legacy bestowed upon every minister for some time back. If a man has some knowledge of horses, information concerning the owners and jockeys, and knows that they will not sell him out, he has a better chance of winning. Therefore skill and expert knowledge of horses may help him.

Mr. CHAPLIN: They only think they know.

Mr. MOTHERWELL: This legislation involves nothing but pure chance, a shaking of the dice, a lottery. Of course we realize there is chance in horse racing, but we must admit that knowledge of good horses, information as to their records and previous performances, and the honesty of the owner and jockey, give one a chance of winning.

Mr. CHAPLIN: Especially if you have a dope book with you.

Mr. MOTHERWELL: I do not pretend to know all about it, but I am familiar with some phases of the matter. I do know that one most capable man in the Department of Agriculture went to the terrible bow-wows largely as a result of gambling while administering the act. I do not believe the virus permeated my being at all, but there is a chance of younger men being affected. Consequently without further ado I wish to ally myself with those hon. members who have spoken against the bill, and with the leaders in the house—if I surmise correctly that they are all against the measure. I shall vote with great joy against any bill of this nature, and against any attempt deliberately and by our own hands and voices to increase the facilities for gambling at this critical period in our economic history.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I intend to detain the house only two or three minutes. Possibly my position in regard to this bill is the most difficult experienced by any hon. member, because I find from the report of what transpired in another place that my constituency voted by five to one in favour of a measure similar to the one now before us. Therefore it is a question whether my duty as a member from a Canadian city should come into conflict with my own judgment.

With the indulgence of the house I shall inflict upon hon. members two short quotations from Burke's famous speech to the electors of Bristol. Possibly from his remarks on that great occasion I may find a reconciliation between my judgment and what might be construed to be my duty. He said:

> Certainly, gentlemen, it ought to be the happiness and glory of a representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinion high respect; their business unremitted attention. It is his duty to sacrifice his repose, his pleasures, his satisfactions, to theirs; and above all, ever, and in all cases, to prefer their interest to his own. But, his unbiased opinion, his mature judgment, his enlightened conscience, he ought not to sacrifice to you; to any man, or to any set of men living. These he does not derive from your pleasure; no, nor from the law and the constitution. They are a trust from Providence, for the abuse of which he is deeply answerable. Your representative owes you, not his industry only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

Again the second quotation is:

> Parliament is not a congress of ambassadors from different and hostile interests; which interests each must maintain, as an agent and advocate, against other agents and advocates; but parliament is a deliberative assembly of one nation, with one interest, that of the whole; where, not local purposes, not local prejudices ought to guide, but the general good, resulting from the general reason of the whole. You choose a member indeed; but when you have chosen him, he is not member of Bristol, but he is a member of parliament. If the local constituent should have an interest, or should form an hasty opinion, evidently opposite to the real good of the rest of the community, the member for that place ought to be as far, as any other, from any endeavour to give it effect.

And so, Mr. Speaker, although my riding has voted in support of a measure similar to this by a majority of five to one, my judgment compels me to vote against it.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): I will not detain the house very long, I think almost everything has been said that it is necessary to say. I am opposed to the principle underlying this bill, because it seems to me that gambling is essentially the idea of getting something for nothing, and I take it that at this time above all others we ought not to encourage that spirit in the people. However, I must say that I cannot get up any very great enthusiasm about voting against the bill, simply because there are on the statute books other pieces of legislation which legalize gambling. There are in practice a great many institutions carrying on a species of gambling. In the business world we have our real estate exchanges and grain exchanges and stock exchanges, on which there is practised what is in my judgment virtually gambling. Therefore it seems to me ridiculous that we should go after the little man, perhaps the poor Chinaman who plays a game of fan tan, and these larger and much more dangerous forms of gambling should go on unchecked.

Mr. SMITH (Victoria-Carleton): You are in favour of it?

Mr. WOODSWORTH: No, but I say I am almost tempted, on account of the general injustice of the thing, to vote in favour of it. Sometimes one is tempted to do that. On the other hand, if one votes in favour of this particular measure it means the extension of the area, and the creation of a certain sort of vested interest that makes it much more to fight against the general evil. So while I protest very decidedly against the discrimination involved in voting down one particular kind of gambling alone, while this house is making no effort whatever to get rid of other types of gambling that are much more serious, at the same time in view of the considerations I have outlined I feel that I must vote against the bill.

The house divided on the amendment (Mr. Carmichael) which was agreed to on the following division:

YEAS

Messrs:

Anderson (Toronto-High Park), Arsenault, Arthurs, Barber, Bennett, Blair, Bowen, Boyes, Brown, Burns, Bury, Butcher, Carmichael, Casselman, Cowan (Long Lake), Dickie, Edwards, Elliott, Fiset, Sir Eugène, Ganong, Gardiner, Gobeil, Hackett, Hanson (York-Sunbury), Hay, Ilsley, Kennedy (Peace River), King, Mackenzie, Loucks, Lucas, Macdougall, Mackenzie (Vancouver Centre), MacLaren, MacMillan (Saskatoon), MacNicol, McGillis, McKenzie (Assiniboia), Malcolm, Moore (Chateauguay-Huntingdon), Motherwell, Mullins, Myers, Neill, Nicholson, Pickel, Plunkett, Porteous, Price, Ralston, Reid, Rhodes, Ryckman, Ryerson, Sanderson, Senn, Shaver, Simpson (Simcoe North), Simpson (Algoma West), Smoke, Speakman, Spence, Stanley, Stevens, Stewart (Leeds), Stewart (Lethbridge), Stinson, Stirling, Sutherland, Thompson (Lanark), Tummon, Weese, White (London), White (Mount Royal), Willis, Woodsworth, Young.—76.

NAYS

Messrs:

Beaubien, Beaubier, Brasset, Chaplin, Denis, Deslauriers, Duff, Esling, Fraser (Cariboo), Gagnon, McGregor, Maloney, Mitchell, Stitt (Nelson), Wilson.—15.

Mr. STEWART (Edmonton): I was paired with the Minister of the Interior (Mr. Murphy). Had I voted, I would have voted against the amendment.

Mr. PETTIT: I was paired with the hon. member for Kamouraska (Mr. Bouchard). Had I voted, I would have voted for the amendment.

Mr. GIROUARD: I was paired with the hon. member for Richmond-Wolfe (Mr. Lafleche). Had I voted, I would voted against the amendment.

Mr. VERVILLE (Translation): I was paired with the hon. member for Quebec-Montmorency (Mr. Dorion). Had I voted I would have voted against the amendment.

Mr. ROBERGE (Translation): I was paired with the hon. member for Kingston (Mr. Ross). Had I voted I would have voted against the amendment.

Mr. FERLAND (Translation): I was paired with the hon. Solicitor General (Mr. Dupré). Had I voted I would have voted for the amendment.

Main motion (Mr. Power) as amended agreed to on the same division.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for co-operation with the Canadian Pacific railway system and for other purposes—Mr. Manion.—Mr. Gagnon in the chair.

Mr. MALCOLM: When the house rose at six o'clock I was making a few remarks with regard to an amendment which I proposed to offer to subsection 1 of section 4 of the bill. I had just pointed out that when the Drayton-Acworth commission sat in 1917 they had also, as did the Duff commission, recommended that trustees be appointed to administer the national railway system. Clause No. 31 in the 1917 report of the royal commission on railways and transportation recommended that there be five trustees and that these be named in the legislation. I had pointed out that, as the Prime Minister himself had said, if this railway were a private company it would be treated as though it were in liquidation, and as the bonds of this public company were guaranteed by the dominion it was advisable to appoint trustees to administer the affairs of the railway. I had further said that if the trustees were to be appointed, the House of Commons, representing, as the members do, the shareholders of the system, should be the body to appoint the trustees, or a receiver or liquidator, or whatever term we chose to apply to these three men to whom we were giving full charge of the system.

The legislation provides two things that remove from those who are to administer the system much of the responsibility. First of all it removes the financial difficulties, because it provides that any deficits that occur are to be met out of the public treasury. I suggested to the Minister of Railways that in selecting the chairman of the board of trustees, it would appear advisable that he should select

the most able railway administrator he could secure on the continent, for the reason that if success is to come to the railway system all that can be expected of the board of trustees is efficient and economical management. The financial problem is being handled by the Minister of Finance of this dominion.

Mr. BENNETT: The statute says, by the chairman.

Mr. MALCOLM: If there is a deficit the minister has to find it.

Mr. BENNETT: But the budget is the trustees' budget.

Mr. MALCOLM: Secondly, the success of the system will be predicated very largely upon the policies of the government of Canada. We all realize, whether we wish to blame it on the government in power in this country or on governments in power in other countries, that restrictive trade policies the world over have done much to diminish tonnage not only of railways but of ocean shipping companies. Such policies have done much to decrease the volume of business transacted. The men appointed by the government to administer the policies of the railway will have nothing whatever to do with the policies of the government, and any deficits that occur will be provided for by the Minister of Finance.

My suggestion therefore, and it is only a suggestion, is that the chairman of the board should be a railway operator. If the government is prepared to consider the advisability of sharing with other members of the House of Commons the responsibility for the appointment of trustees, so that it can truthfully be said—what the Prime Minister indicated—that the object is to remove as far as possible any accusation of political partisanship. I believe that the amendment which I propose to submit would free the government from the possibilities of any such charge. If the government could decide upon the men it desired, the amendment could be offered at such time as the minister was prepared to make the selection. The section now reads:

> The governor in council may vacate all nominations heretofore made to the board of directors of the national company pursuant to section 3 of the national act—

That means that they may dismiss existing directors.

> —and may appoint in the place and stead of and in succession to the incorporators of that company three trustees whose powers, rights, privileges, immunities, duties, responsibilities and restrictions shall be as in and by this act provided.

[Mr. Malcolm.]

My amendment is to strike out the word "may" in line 28 and substitute the word "shall", and to strike out all of lines 31 and 32 and substitute therefor the words, "and hereby appoint as trustees the following". The amendment would therefore read: That section 4 of part I be amended by striking out the word "may" in line 28 and substituting therefor the word "shall", and by striking out all the words in lines 31 and 32 and substituting therefor the words, "and hereby appoint as trustees the following". I have left the lines blank. I do not know whether, in submitting an amendment, it would be in order to insert names; I do not presume to submit names to the government. If the minister thinks that he can accept such an amendment I will submit it; otherwise I propose to let the matter stand. I leave it to him whether I shall submit it or not.

Mr. MANION: I know that the hon. gentleman offers the amendment in the best of good faith and I have every respect for his submission. At the same time there are a number of reasons why the amendment cannot be accepted. Let me deal with a few of the suggestions my hon. friend has offered. In the first place, as regards substituting the word "shall" for the word "may", I understand that it has adways been the custom to use the word "may" with respect to the governor in council. That is a small matter, but I just mention it in passing. In that case, generally speaking, the word "may" means "shall".

Another point made by the hon. gentleman was that the chairman of the board of trustees should be a first class railway operator. In passing may I point out that at the present time we have not only one but a number of good railway operators connected with the Canadian National Railways. I have heard the most complimentary references made to Mr. Hungerford and the other officers of the railways and I submit that the splendid work which they have done in the past indicates conclusively that they are capable of operating the railway in excellent manner. My own opinion—I am expressing this just the same as the hon. gentleman expressed his opinion—is that rather than a railway operator, what we need is someone who will be competent to supervise the general policies of the road. Without meaning to be critical of the past, I believe that had there been greater supervision from the financial standpoint of the management and the capital expenditures of the road, it would have been better. The hon. gentleman also suggested that we should choose someone from this continent. Without attempting to make any political capital out of the

reference of my hon. friend, may I say that my feeling is that if possible, and I think it is possible, we should obtain a man from this country. I have no desire to reflect upon the suggestion made by the hon. gentleman that these men should be named in the bill itself, but there are two reasons why I do not think that would be possible. The first is that the bill is not yet law, and the second is that when the bill was introduced both the Prime Minister and myself took the attitude that we would be ready to consider amendments suggested by hon. members. I think we have proven our good faith by submitting two amendments along the lines suggested by hon. gentlemen opposite. Until the bill is law and we know its terms, we could not very well approach outstanding men in Canada with a view to asking them to take this position. We would first have to know that the position was created and we would also require the general support and advice of the House of Commons as a whole. In view of these considerations it is not possible for the government at the moment to indicate just who should be appointed to these positions. I make that statement quite frankly and because of these facts the suggestion which my hon. friend has made, in good faith I know, is not acceptable to the government at the present time.

Mr. MACKENZIE KING: Mr. Chairman, the former Minister of Labour, the hon. member for Kenora-Rainy River (Mr. Heenan) had an amendment which he intended to offer. He has been unavoidably prevented from being here to-day, and, as a former Minister of Labour, not as leader of the opposition, I should like to move an amendment which indicates views which I very strongly entertain. It is my opinion that at least one member of the board of trustees should be a person who would be regarded as representing labour upon that board, whether the board be made up of three, five or whatever other number of members may be decided upon. It will be for the government to decide just how many members shall compose this board, but I believe that, at this time, when industry the world over is undergoing a change, and when there is a very strong feeling against monopoly of control on the part of capital of great industrial enterprises, every effort should be made by a representative body such as this house to see that the classes immediately and mostly affected in industry are accorded a voice in the formation of industrial policy. I know it will be argued that, because this board may have the unpleasant duty of cutting down services, causing the number of men employed to be reduced, and possibly reducing wages and the like, it would be inadvisable to have someone possessing the confidence of labour upon the board. From my point of view, the reasons I have just mentioned are the strongest that could be advanced for having someone in the confidence of railway labour upon this board. I believe that working men are quite as reasonable as any other class in the community, when it comes to what relates to conditions of employment much more reasonable in fact, than are any of the others who have to do with the shaping of working conditions. I believe that the whole railway policy would be carried out in a finer spirit if organized labour were represented on the board which was to determine that policy. Being given information with respect to the extent and nature of business the world over, and other like considerations, the representative of labour upon the board of trustees would be able to form an intelligent view of the situation in a better manner than would be possible in any other way. His support of any measure which involved a reduction of wages, the lessening of staff or matters of a similar nature, would carry considerable weight with the great body of railway employees. Whether the board is to be composed of three of five members, as the bill now stands, a majority, which must include the chairman, is required in order to have any decision of the board prevail. In these circumstances, there would always be at least two members who may very properly be regarded as representing the capital investors and the community generally, and, for that reason, the interests of investors or the public generally would be in no danger of being sacrificed at the hands of the one representative commanding the confidence of labour.

I should like to mention to the committee that it was the Drayton-Acworth commission which made originally the recommendation that there should be a board of trustees. I think they recommended that this board should consist of five members, but whatever the number they certainly recommended that there should be one trustee selected as especially possessing the confidence of the railway employees. That commission was appointed by hon. gentlemen opposite, it was appointed by the government of the Right Hon. Arthur Meighen. It heard evidence from all parties and came to the conclusion that, whatever the number of trustees might be, one should be selected as especially possessing the confidence of the railway employees. I am not submitting that this representative should necessarily be a railway employee, to be chosen from the ranks of the

employees of the railway. I am following the exact wording of the Drayton-Acworth recommendation.

Another reason for making such an appointment is the fact that at the present time labour is represented upon the board of directors. As hon. members know, the president of the Trades and Labour Congress of Canada is one of the directors of the Canadian National Railways, he having been appointed by the late Liberal administration and continued as a director by the present administration. I venture to say that if the directors appointed by the present administration or those appointed by the previous administration, or the officers of the railway were asked whether Mr. Tom Moore had been helpful or otherwise as a director, the answer most emphatically would be that his services had been of great value to all who are concerned with the management of the railway and the shaping of its policies. It seems to me that, having established the precedent of giving labour representation upon the board of directors, it would, apart from all else, be a great mistake to take a backward step by now doing away with that representation.

I would urge further that in these matters the government ought to set an example to industry generally. I do not think representation by someone commanding the confidence of railway employees should be confined to the national system; I believe the Canadian Pacific might well adopt a similar policy in respect to its board of directors and that all large industries might well do the same. I believe also that, if industry does not do so it will be all the worse for the investors in the long run. If there is not a natural evolution by the gradual broadening of the representation of all classes immediately concerned in industry on the boards that control industrial policies, there is nothing left but a kind of action which would not commend itself to any deliberative body such as this.

Furthermore, in railway matters it is all-important to have good-will and a good spirit prevailing throughout the system. There is nothing that can more effectually impede the satisfactory working of a railway than a lack of confidence on the part of the employees with respect to the policies by which they are governed. In that regard I believe that the railway as a financial institution will be benefited materially if labour is given representation on the board.

In conclusion may I say that I regard labour as a partner with capital in all industrial enterprise; certainly in railway enterprise labour is an essential partner. May I point out that our railways employ larger numbers of men than most of our industries, and that men who enter railway service as a rule go into it for life. They invest their lives in that form of service, but they invest them again in a way even more immediate. Railroading is a hazardous buiness; there is not a man who goes out on a train who does not from that moment to the end of his journey take his life in his hands and all that his life means in the home from which he comes. Men who are giving their lives to industrial service in that immediate way ought to be represented on any board of trustees or directors which has to do with fashioning the policies under which they are obliged to work. So, Mr. Chairman, I would move that section 4 be amended by adding after the word "trustees" in line 32 the words:

—one selected as especially possessing the confidence of railway employees.

I hope the minister will find it possible to accept that amendment.

Mr. MANION: I shall not traverse the ground covered by the right hon. gentleman, because the question was discussed in a very general way on the second reading of the bill. At that time, however, I did point out—we were dealing with the Duff commission, but I think the same observation applies to the appointment of trustees—that it is a little difficult to choose a representative of one class without remembering other classes who are affected also to a great extent by our railways, notably the agricultural class. For example, I pointed out that at the peak there are not more than 200,000 men employed on all the railways of Canada whereas there are more than a million agricultural workers in this dominion, including farmers and workers on farms. As the agriculturist is affected in his purchases by a tax, that is, a freight rate, on practically everything he buys, he also is very greatly affected by the operation of the railways. If class representation is to be given on a small board of trustees such as this the agriculturist might well and justly take the attitude that he also has a right to representation on the board.

I merely mention this as one difficulty which might arise. There is another point, however; it is that the Canadian National Railways Act itself contained no clause providing that labour should be represented on the board, though as a matter of fact the governments of the past all appointed someone as representing labour, as my right hon. friend has said. I submit that a matter of this kind should be left for decision to the government appointing the trustees, and that their hands should not be tied by such an amendment. In

other words, I believe the government should be left as untrammelled in carrying out this act as other governments were left in the carrying out of the Canadian National Railways Act, to which as a matter of fact Part I of the present act is an amendment. So I do not believe the committee would be wise to accept the amendment proposed by the right hon. gentleman. There may be other reasons that could be advanced but those happen to come to my mind at the moment.

Mr. MACKENZIE KING: In answer to my hon. friend's remark about the agricultural class being entitled to representation, may I say, as I am sure the minister will admit, that, inasmuch as railway labour is actually employed on the road at the risk of the lives of its individual members at all hours of the day and night, there is a somewhat different obligation in the matter of its representation than there is in the representation of any other class. With regard to agriculturists, I think that their interests will undoubtedly be in the same position as those of the community generally; their interests are business interests, and I assume that they will be well represented by the two other members of the board, if there are to be only two others. It is hardly likely that the government will select as its trustees men who will not be intended to be regarded by the agricultural interests as business men capable of looking after the business interests of the country. In that way they will get representation, but there is a difference with regard to labour, particularly at this time, and at the present stage of industrial development the world over. I would feel that, if the minister thought there should be some further representation of agriculture, it would be much wiser to enlarge the board to five and make sure that the agricultural interests, as well as those of labour, were represented by someone especially commanding their confidence, instead of keeping the number of trustees so small as to exclude these representatives, and representatives of labour in particular.

Mr. HEAPS: I very much regret the attitude taken by the Minister of Railways with regard to this amendment. Even though he could not accept it I think at least he might have given it a little more sympathetic consideration than he appeared to give in his reply. The hon. gentleman tried to justify his position by the fact that there was no representative of labour on the Duff commission.

Mr. MANION: Nor of agriculture.

Mr. HEAPS: I think that was one of the regrettable features of the Duff commission. There was distinct class representation in that commission; that was evidenced by the minister's remarks when he introduced this measure dealing with our railway problem. At that time the minister said that the two appointees, the one from the United States and the other from Great Britain, had been placed on this commission in order to give confidence to those holding the securities of the two railway companies If that is not class representation I do not know what it is.

Mr. MANION: I corrected that later on; I said these men were not appointed as class representatives. They were appointed to give confidence to those people in the two countries holding bonds and securities to the value of hundreds of millions of dollars, but they were not put on as representatives of those people.

Mr. HEAPS: They were appointed in order to give confidence to the bondholders in those countries. A representative of labour on that commission might have given just as much satisfaction to our own people, and I think the government of the day should have been just as much concerned in giving satisfaction to our own people as in giving satisfaction to people living in other parts of the world. This evening the Minister of Railways said that he hoped in some way to go back on that former attitude of the government and that when the board is appointed the government will not go beyond the confines of this dominion in selecting them. I am in hearty agreement with that attitude, and I wish that it had been adopted in regard to the Duff commission itself, instead of appointing two gentlemen from outside of this country for the express purpose, in my estimation of recommending that we do something which they found it impossible to do themselves, for I see in to-day's papers that the Delaware and Hudson Railway, of which Mr. Loree is president, is in somewhat the same position as the Canadian National Railways. Yet this same gentleman comes to us to tell us how to settle our railway problem when he is not in a position to settle his own.

Mr. BENNETT: I think his road paid a dividend last year.

Mr. HEAPS: To-day's papers report a loss of $45,000,000 for the road.

In 1927 at the Conservative party convention held in Winnipeg a plank was written into their platform in favour of giving labour representation on these commissions appointed

by the government. I am sure that the Minister of Railways is not going to go back on that plank which was adopted at the Winnipeg convention only a few short years ago. I hope that that recommendation was something more than mere window dressing. The workers on the railways will be very much disappointed at the attitude adopted by the Minister of Railways this evening when he does not hold out any hopes, in my estimation, of giving labour representation on the board of trustees, which will have control to a very large extent of the railways and will have some say as to the conditions under which railway men shall work.

Mr. MANION: The hon. gentleman has no right to say that I held out no hope whatsoever. I said that the government should not have its hands tied in regard to this matter. Speaking of window dressing, may I with all respect suggest to my hon. friend that there is no group in this house who do so much window dressing as he and his friends. Their whole attitude here and everywhere is one of window dressing, appealing to class all the time. That is the attitude my hon. friend is taking now. Not only in this house but on the hustings the whole attitude of that party is one of appealing to class, of setting class against class, so when it comes to window dressing I think I might learn a lot from my hon. friend. As regards the remark of the leader of the opposition in regard to the danger to life of the railway men themselves when running a train, that is true, but the passenger on the train also runs a considerable risk.

Mr. MACKENZIE KING: But the passenger is on the train one day, while the railway man is on the year around.

Mr. MANION: My deputy points out that there are more accidents on the highways than on the railways, and I believe he is right although I have not the figures at hand. I do not think the government's hands should be tied in regard to matters of this kind. When the appointment of the trustees takes place the matter will have to be considered by the government and the responsibility taken by the government. The door is not shut by any means. The question will have to be considered from all angles. It has not been considered as yet, I say quite frankly.

Amendment (Mr. Mackenzie King) negatived.

Subsection 1 of section 4 agreed to.

On section 4, subsection 2—Chairman.

Mr. ELLIOTT: This subsection provides that one of the trustees shall be chairman and shall devote his whole time to the performance of the duties of his office, and shall not be an officer of any company other than a company which is comprised in the national railways. I wish to submit to the committee an amendment to answer the suggestion made there that one of the trustees only, the chairman, shall devote his whole time to the performance of the duties of his office. The implication is that he alone of the trustees shall devote his full time to the duties of his office. I submit that with the amount of money that the people of this country have invested in these railways, their immense importance and the service that they give to the people, if the board is to be limited to three trustees they should not only be the best men obtainable but all three trustees should give their whole time to the work. The Canadian National Railways Act provided that there should be from five to fifteen directors, and actually I think there were seventeen directors, and seventeen I think for the Canadian Pacific. Now, when the number is being limited to three, I submit not only that they should be the most capable men who can be obtained but that they should give their full time to the work. I do not know that there is any great object in taking up too much of the time of the committee in discussing this matter, as there are other matters to be discussed, and I therefore move that subclause 2 of section 4 be amended by striking it out and substituting therefor the following:

> One of such trustees shall be the chairman. Each trustee shall devote his whole time to the performance of the duties of his office and shall not be an officer of any company other than a company which is comprised in national railways, and shall not during his tenure of office as trustee become a director of any company other than a company which is comprised in national railways of which he was not a director at the time of his appointment.

Mr. MANION: I would suggest that subclause 2 of clause 4 stand with the amendment which has just been proposed, on the ground that this is a question which we think is worthy of consideration. The Prime Minister this afternoon, speaking on this very question, mentioned that he thought it might be well that the three trustees for the first year at any rate give their entire time to the work. In view of that and my hon. friend's remarks I would therefore suggest that the subclause stand with the amendment which has been moved, and we will come back to it probably to-morrow, in the meantime giving further consideration to it. It might be advisable that for the first year, or possibly longer,

the three trustees should give their full time to the work, and so, Mr. Chairman, I propose that this subclause stand and that we proceed with the bill.

Mr. MACKENZIE (Vancouver): Has the government decided to maintain only three trustees?—because I find a great deal of opinion in favour of five.

Mr. BENNETT: We intend to stick to three.

Mr. STEWART (Edmonton): Why should there be discrimination against the individual who is at present or who formerly held a position of director?

Mr. MANION: Why any discrimination against a present director?

Mr. STEWART (Edmonton): Yes.

Mr. MANION: There is no discrimination against them. I have put myself on record here and elsewhere in regard to the splendid work they have done. However there is an opinion that there should be three trustees in charge of the road; there is no discrimination being shown.

Mr. MALCOLM: Under the bill as drafted a director of the Canadian Pacific Railway could be appointed, but he could not become a director after he was appointed.

Mr. MANION: He will not be appointed.

Mr. MALCOLM: The minister might add the word "director" the first time the word "officer" is used, to make the correction that is necessary. He might be a director of the Canadian Pacific Railway and still be appointed, but he could not become a director after he was appointed.

Mr. POWER: The minister should put in some phraseology which would indicate that upon becoming a trustee a man should resign his directorship in other companies, because there is nothing to prevent his retaining his directorship in other companies. There is, however, something to prevent his becoming a director after he has become a trustee.

Mr. MALCOLM: He could not be an officer, but he could be a director of any company when he was appointed.

Mr. NEILL: I should like to call the attention of the minister to that part of clause 2 section 4 which reads, "and shall not be an officer of any company." As I take it, an officer is a paid servant, other than a director. There is no provision saying that he shall not be a director. It should read, "and shall not be an officer or director of any company."

Mr. MANION: We had intended moving an amendment to that clause. The Minister of Public Works had it before him, but in view of the amendment of the hon. member for West Middlesex (Mr. Elliott) I thought perhaps we could leave it until we had decided upon that point. I shall take up the suggestion now made regarding a director of the Canadian Pacific Railway and see how it fits in. I suggest that the clause stand, and that we proceed with clause 5.

The CHAIRMAN (Mr. Gagnon): Subsection 2 of clause 4 will stand.

On section 5, subsection 1—Salaries.

Mr. POWER: Subsection 1 of section 5 reads:

> The trustees shall be paid by the national company such salaries as may from time to time be fixed by the governor in council, and if any trustee is in receipt of a pension from any railway company he shall not be entitled to receive or to be paid such pension during his term of office.

I should like to follow that section by an amendment to the effect that the trustees of the national company shall be paid by parliament out of the yearly estimates. I submit that is the only way we can have control over the trustees. Personally my great objection to the bill is that essentially it is an emergency measure to deal with an emergent situation. We are making the persons to whom the operation of the act is to be entrusted practically irrevocable directors, and unless some control is retained by parliament I believe we will defeat the intention of the Canadian people. As the section reads the trustees shall be entitled to be paid from the earnings of the road. They need not come to parliament for their salaries, and are not responsible to parliament in any way. If an amendment were moved along these lines, namely by striking out the words, "national company" in the first line and substituting therefor the words, "out of moneys voted by parliament in the annual estimates" I suggest that then the conduct and administration would be subject to the control of the shareholders who, after all, are the members of parliament representing the people of Canada, the owners of the road.

Mr. MANION: Is that an amendment?

Mr. POWER: Yes.

Mr. MANION: In the first place I suggest that the amendment is out of order, because it would be putting charges upon the parliament of Canada, something a private member cannot do. It would be placing upon the parliament of Canada the necessity of paying

the trustees. However I merely mention that objection; the chairman may consider the amendment and give his ruling thereon.

The hon. member stated that the trustees are not in any way subject to the control of parliament. I do not agree with him, because if he will look at section 12 he will find the following:

> The annual budget of the national railways shall be under the control of the trustees. Amounts required for income deficits, for interest on obligations outstanding in the hands of the public, for capital expenditures and for refunding or retirement of maturing securities shall be submitted by the trustees to the Minister of Finance for the consideration of the governor in council prior to presentation to parliament. Income deficits shall not be funded.

That clause includes practically every need of the Canadian National Railways, and to my mind by that clause the parliament of Canada will have just as much opportunity as it has to-day, if it so chooses, to investigate the expenditures of the national railways. That is the way it strikes me. Then section 14 provides the annual report must be made to parliament. It states:

> The trustees shall make a report annually to parliament setting forth in a summary manner the results of their operations, any cooperative measures, plans or arrangements effected pursuant to this act,—

And so on. Those two clauses make them subject to parliament. To my mind those two clauses make them responsible to parliament.

Some hon. MEMBERS: No.

Mr. STEWART (Edmonton): We are not dealing with section 12, but the minister has referred to it. I should like to be assured as to whether or not parliament has any control over the receipts of the road.

Mr. MACKENZIE (Vancouver): Not the slightest.

Mr. STEWART (Edmonton): After all, that is the main source from which the trustees will operate—the revenues of the road.

Mr. MANION: They have no control over the receipts, perhaps, but when they come to parliament under section 12 and ask for money—

Mr. STEWART (Edmonton): For specific purposes.

Mr. MANION: But those specific purposes cover all the needs of the railroad.

Some hon. MEMBERS: No.

[Mr Manion.]

Mr. STEWART (Edmonton): If the section means that the revenues of the road come under review, then of course the minister is correct. But if not, if we are merely to vote deficits and capital requirements, then we have no control over the trustees at all.

Mr. POWER: There are only three purposes for which they may come to parliament, —first, to get amounts required for income deficits, secondly for interest on obligations outstanding in the hands of the public, and third for capital expenditures and for refunding or retirement of maturing securities. Those matters shall be submitted by the trustees to the Minister of Finance for the consideration of the governor in council, prior to presentation to parliament. The section is not quite clear as to whether or not they have to come to parliament. The statement is made that the Minister of Finance reviews the amounts required. This may be only a formal presentation, and we may be told now, as we have been told for years—and I am not blaming the minister particularly—that it is not in the public interest to give out the information. The trustees are representing the people of Canada. We should have some kind of control over their actions, and I submit the only control we can have is by voting their salaries.

Mr. MANION: If the hon. gentleman will permit me to deal with section 12, it seems to me that section covers practically everything. For example, amounts required for income deficits, that is the difference between the net operating income of the railway and the interest owing to the public on the bonds of the railway—

Mr. EULER: The time might come when there will be no deficits.

Mr. MANION: If the time ever comes when the Canadian National Railways will require no assistance for income deficits, it seems to me that would be an ideal condition for the Canadian National Railways to reach, and it would then be well for this parliament to keep out of the business and let the management operate the road without any interference.

But to get back to my argument, I say that the provision for looking into the cause of the deficit would cover practically every branch of the railroad's affairs. True, as to certain information being given to parliament, I presume whatever government is in power would take the same attitude as has been taken in the past; there is certain information that the railway management say it is not in

the railway's interest and therefore not in the public interest to divulge. I presume the same attitude will be taken in the future. But the section also refers to amounts required for interest on obligations outstanding in the hands of the public, for capital expenditures, and for refunding or retirement of maturing securities. To my mind that covers every possible branch of the railway's affairs, and the parliament of Canada will have it in its power to go into these details as far as they ever have in the past; with this exception, recommended by the Duff commission, that the officers of the railway should not be brought before the parliamentary committee. But that is no reason why we should not bring the trustees before the committee and have them give a report.

Then section 14:

> The trustees shall make a report annually to parliament setting forth in a summary manner the results of their operations . . .

That would deal with the same question. I submit in all seriousness and sincerity that to my mind, as far as parliament wishes to control the financial arrangements of the railway, it has all power to do so under sections 12 and 14.

Mr. POWER: Taking the minister's own argument, as to these matters which he says come under the control of parliament—which argument I am not prepared to admit—they are income deficits, interest on obligations in the hands of the public, capital expenditures, and retirement of maturing securities. Not one of those things do we dare refuse to vote. It is pointed out to me that in the first paragraph it is provided that the annual budget of the national railways shall be under the control of the trustees. We dare not refuse to vote the income deficits; we dare not refuse to vote the interest on obligations in the hands of the public, for if we do the road is bankrupt, and if so the country is bankrupt,—

Mr. MANION: Is not that true at this moment just as it will be in the future? But we do look into the accounts.

Mr. POWER: But if we have the trustees here before us having their salaries voted, we can criticize them. As representing the people who own the road, the shareholders of the road, we can say that the actions of the trustees are not conducive to the best administration, that our property is not being well managed.

Mr. HACKETT: We can say that anyway.

Mr. POWER: But we cannot do anything about it.

Mr. HACKETT: Just as much as you ever have.

Mr. POWER: Could parliament to-day, if it desired, refuse to vote the salaries of the directors or the management?

Mr. MANION: No, the directors are not paid by parliament.

Mr. BENNETT: The president was, under a contract made by order in council, but the money had to be provided by the railway.

Sir EUGENE FISET: I think the Prime Minister makes a mistake. The salary of the president was paid out of income.

Mr. BENNETT: That is what I said.

Mr. POWER: The point is that these men are to be given extraordinary power. They are vested with ownership and control—practical ownership; the Prime Minister himself said they were to act as receivers in bankruptcy—

Mr. BENNETT: Not in bankruptcy.

Mr. POWER: These men must be controlled by someone, otherwise they can play ducks and drakes with the property of the people and no one in this house can prevent it. The government itself cannot. The people of Canada have no way of taking their own property out of the control of these three men. I think that is an abnormal state of affairs in a country that prides itself on being a democracy. Unless in some way we provide that they shall be obliged to come before parliament to have their salaries voted we shall be setting up in this country something which not only we but probably future generations will greatly regret, because these men through the method of appointment are practically self-perpetuating. During the course of the debate on the second reading the Prime Minister pointed out that it was quite possible that following a referendum an amalgamation of the two railroads might be brought about. But these directors, so long as there were assets in the Canadian National Railways to pay their salaries, would remain, and we could not do anything about it except by an address of both houses. No political party, no majority of the people of Canada could remove these trustees.

Mr. MANION: Does my hon. friend suggest that under section 12, if this House of Commons asked the trustees or some of them to come before a committee of this house, as I expect it will, to discuss the reasons why they needed this money, they could refuse?

Mr. POWER: I am talking about their salaries now. The only way we could get rid of them would be to stop paying their salaries. That is the only way I can see to get rid of these men if they were not performing their duties properly, or if the people of this country decided that an act which we are now passing, though it may be proper to put into effect during a time of emergency, was not a proper measure for the administration of our national railways at another time. If the emergency disappears we may not need these trustees, but we cannot get rid of them. We have no control over them unless we vote their salaries.

Mr. BENNETT: I think the hon. gentleman might have stated the rest of my observation, that this parliament has power to repeal this statute next session, and the trustees would then cease to hold office. A parliament that enacts can always repeal. If it were found that the trustees abused their power, did not properly discharge their duties, I have no doubt that no government would hestitate for a moment to take the necessary action to repeal the whole statute.

Mr. EULER: Suppose the Senate refuses?

Mr. BENNETT: I said parliament.

Mr. POWER: Does the Prime Minister suggest that in order to get rid of the trustees we should repeal the whole act?

Mr. BENNETT: Repeal the section. It is nothing new in parliamentary practice; it has been done frequently and will continue to be done. Whether or not it gives ground for a claim for compensation is another matter. There is pending now before the privy council an appeal taken by a former member of the appeal courts from a judgment of the Supreme Court of Canada because as a result of legislation passed in 1930 an office was abolished and it was contended that there was a right to compensation. This parliament must be reasonable, this committee must be reasonable. We are facing what I think is very properly described as emergency in transportation matters. Parliament may desire to add to this bill at another session, and I cannot contemplate the desirability of the committee wrangling over the salaries paid to the trustees. I believe that in the case of one of the great institutions of this country an effort was once made by a shareholder to ascertain what salary was paid to the president, and the directors declined to give the information. Only last week the government of the province of Ontario declined to make known the salaries paid to the hydro commissioners. The general principle followed in British countries has been not to discuss among the shareholders the compensation paid to the officers of the enterprise. But there always has to be included in the reports to the Interstate Commerce Commission in the United States, and in this country to our Board of Railway Commissioners, I think, a statement of what the salaries are. The usual method taken by shareholders when they are dissatisfied with their officers is, at the annual meeting, to pass a vote of non-confidence in their directors; and that means that, although the directors retire by rotation, as they do in most companies nowadays in order to preserve continuity of policy, nevertheless, a motion of censure passed on directors has usually resulted in the disappearance of that board by resignation. I do not apprehend that there is any difficulty in a matter of this kind.

I do not think that we want to go over a bill of this character with a fine comb for the purpose of seeing that every possible contingency should be anticipated.

Mr. EULER: Why not?

Mr. BENNETT: The answer is obvious. What we are trying to do is to lay down a principle and embody it in the form of a statute, and you can test any administrative statute of this kind only in the light of experience; so that if it is found defective at this or that point, parliament, which meets every year and is only for a few months not in session, can take proper measures to remedy such defects. I for one would not contend for a single moment that this is perfect legislation. It embodies the recommendation made by the commission—we will leave out altogether the question of the merits of that commission—and an effort has been made not to make it a contentious, narrow party measure but rather to ensure that there should be the freest opportunity for members of the committee to indicate where improvements might be effected—not, shall I say, to have narrow constructions placed on a broad measure of public control, but in the broadest possible sense to suggest where an improvement could be made here and an improvement there.

Dangers are foreseen with respect to amalgamation, and I for one am perfectly willing that the committee should take whatever steps it might think adequate to protect against that. Then there is the question of the abandonment of lines. Having lived in the west I know exactly how hon. members feel about that, the fear that there might be

placed in the hands of some group the power to destroy branch line facilities. I think we have met that; what the minister said this afternoon completely meets that situation. And there are other suggestions of a like character. But when you get down to the question of arrangements between the employer and the employee, the trustees of the company, we have given large powers to the trustees, and this is the ground on which the commission took their position. They said: If you are to avoid the difficulties and pitfalls of political control and pressure, if you are to make this measure at all effective, you must hedge it round with such safeguards as will endeavour—we will put it that way at any rate—to secure public ownership of a great utility. When I hear the hon. member for North Waterloo talking about amalgamation of all lines under public ownership, with the history we have behind us, it seems to me that makes the whole thing a laughing stock, because the history we have behind the system is unfortunate in the sense that it has not worked well.

Mr. EULER: And what is the history of privately-owned railroad companies all over the continent, including Canada?

Mr. BENNETT: The history of the private railway in this country is an amazing history. There is $120 of cash for every $100 of shares outstanding. It is the one company in all the world about which that can be said; and in point of efficient management—

An hon. MEMBER: Why doesn't it pay dividends?

Mr. BENNETT: It is not paying dividends; it is not paying dividends on preferred shares. But no one suggests that this is due to any other fact than the lessening of traffic. During the great period of expanding traffic for the railways, the Canadian National system, which came into being, after the late government assumed office, by the passing of an order in council after the judgment of the privy council in the Grand Trunk arbitration, and during the years following, in which there was a tremendous expansion involving the building of railways, branch lines and facilities, the commission finds that through it all runs the red thread of extravagance. Hon. gentlemen opposite dislike that, because they say that it is a criticism of themselves. Now, I do not think that the commission meant that, and I am not putting it in that light to the committee to-night. But everyone who is familiar with railways does admit that it is a fair statement. We are so constituted in this young country, however, we take our politics so seriously at times and become so unwilling—

Mr. STEWART (Edmonton): That cannot be blamed on the national railways alone. It can be applied to both railways.

Mr. BENNETT: Not the red thread of extravagance; that was applicable to one and not the other.

An hon. MEMBER: No, both.

Mr. BENNETT: But the point is that one had an accumulated surplus of $100,000,000 or thereabouts and could afford to do things which the other could not, and you cannot compare incomparable things. For instance, the Pennsylvania system was able to do things which neither the old Wabash nor the Erie could do. And the Milwaukee, up to a certain point, was a most prosperous road and could do things that the Northern Pacific and other roads could not do.

Mr. YOUNG: But extravagance is always extravagance.

Mr. BENNETT: Yes, but it is always relative, having regard to resources and the ability to extend your earnings in proportion to your extravagances, if you call them extravagances. I think I can say that I am less a sinner with respect to these matters than any member of the committee, because I have a singularly consistent history with regard to the railway situation in this country. The hon. member for West Edmonton knows what my position has been. I have been as critical of the one as the other, and in 1908, standing in the Lyric theatre in Calgary, I made the statement that in my belief we were signing the death warrant of the successful conduct of transportation in Canada by endeavouring to build a third transcontinental in this country. I had no hesitancy in making that statement, and I have never changed my view. But now we are dealing with an emergency; we are grappling with a situation in which recriminations serve no purpose—

Mr. MALCOLM: Hear, hear.

Mr. BENNETT: —and do not advance matters one bit. As to the suggestion that we should ask this parliament annually, with respect to these trustees, to discuss the question of their salaries, I am sure the hon. gentleman who proposes it knows that he cannot place a charge upon the country; it can be done only through the government. And the suggestion, it seems to me, is a negation of every principle that has hereto-

fore governed in matters of this kind. The fact that it is the negative of everything that has been done does not prove that it is wrong, but you must show affirmatively that it has great merits to warrant its adoption, and there is no merit I can see that would warrant us in concluding that these trustees should have their salaries fixed by parliament annually. I do not think we could get the type of men we want for the position if we followed that course.

Mr. MACKENZIE KING: The Prime Minister has been speaking with reference to the question of salaries, and I gather from his remarks that he has been defending the point of view of secrecy with respect to the remuneration to be paid officials of the railways. I am diametrically opposed to that view. The time has come when the more publicity there is with respect to public expenditures, and especially where they relate to a need for effecting economies, the better for all. The Prime Minister has used, particularly in relation to salaries, the expression, which is found in the commission's report, of the red thread of extravagance running through various expenditures. That red thread would not have been there had not the practice been followed of regarding as sacrosanct certain privileges surrounding those who hold great financial positions of one kind or another. If the present and the recent past has removed anything, it has removed this halo from the heads of great financiers. It has been made perfectly clear that there is no greater fiction in the world than the idea of the superman in business or finance, whether it be banking, railroading or any other form of industrial or commercial enterprise. I believe that this committee would be helping along a much needed reform if it insisted that instead of secrecy there be publicity with respect to all these matters of salary.

Mr. BENNETT: It has.

Mr. MACKENZIE KING: During the present debate the Minister of Railways made reference to certain salaries which he found were being paid to some of the officials of the Canadian National Railways. Personally I was astounded when I learned what some of those salaries were. Throughout the time I was Prime Minister I had no knowledge of what some of those salaries were, there were two reasons why I did not have that knowledge. The first was the avowed policy of the late administration, to allow the railway to be managed by the board of directors without any political interference. As far as I was concerned, during the entire time I was in office I never sought directly or indirectly to influence the national railways with respect to any of these matters. The other reason was that, as mentioned, we also followed the practice of replying to many questions respecting salaries which were asked from time to time by stating that this information should not be given to parliament unless the railway itself was willing it should be given. It was alleged that in making public this information an advantage would be given to its competitor. I think that practice was all nonsense. I believe the competitor as a rule knows exactly what is being paid. The practice amounts to a conspiracy between the competitors for their mutual advantage, as against the public interest or the interest of the particular concerns. I believe we should insist upon publicity in connection with all salaries. If it can be best had by having them reviewed in parliament, let it be done in that way. I am not referring merely to the salaries of the trustees, I am referring to the salaries and allowances paid to officials and others who have to do with the management and operation of the railways. If we could set an example in that regard we might be furthering a great reform which would be of immense service at the present time to this and other countries. I believe that such a reform will be insisted upon more and more in all countries. After all, there is very little about which the average individual has not to give a public accounting. In connection with his personal income and matters of the kind he has to make a declaration which is sent into a government office. True enough it is protected, but the information is open to the Minister of Finance and the members of the government as well as to certain officials, if they wish to pry into affairs of this kind. There is hardly anything in which there is not full publicity with respect to the private means of individuals, why then should there not be publicity with respect to salaries which are paid out of the public treasury?

I think it is largely a false distinction to draw a line between those amounts which are paid out of the receipts of the railways and those paid out of the public treasury. What the latter amounts to, is determined by the former. The other day the committee was discussing the question of finding some means of compensating for the time they were out of employment, or until they could obtain other employment, the men who would be thrown out of employment as a result of economies effected. It was argued in the com-

mittee, and ruled by the chairman that such a motion was out of order because if carried it would impose a burden upon the public treasury. The intent of the motion was that the money required should come out of or be a first charge upon the receipts of the railways themselves. After all, amounts which parliament will have to make good when meeting any deficit will always bear a relationship to the receipts of the railways, so in this discussion we should not try to draw too sharp a line between what is going to be a matter of expenditure coming under the heading of what the railway itself provides from its revenues, and what is going to be a matter of expenditure coming under the heading of what this parliament will have to provide. It seems to me that the matter of the budget as a whole is one of national concern and ought so to be viewed.

May I say this further word? Either this parliament is supporting a policy of government ownership and control, or it is not. If the ministry feel that the time has come when we should not have government ownership and control, let them say so and bring in a measure to that effect. Let them abolish public ownership and control and turn the railways over to a private concern. If the ministry feel that they wish to retain government ownership but do not wish to have public control, let them bring in a measure to that effect, and say distinctly that they are through with the public control of railways. This important matter should not be camouflaged, and it seems to me that that is what is being done by this bill. The ministry is taking the railway property which is owned by the people of Canada, and turning it over to three private individuals to do with as they please. They are saying to these three individuals: You run this railroad as you please, independent altogether of the parliament of Canada and the approval of the governor in council. Where is there a scintilla of public control in that? It is government ownership with private control of the most exclusive type. It is giving a monopoly of control to three men, a monopoly of control and power which does not exist with respect to any other railway in this or any other country in the world. So far as the Canadian Pacific Railway is concerned, the operating forces are subject to the policies laid down by the directors who are considerable in number. We are discussing having only three directors while the Canadian Pacific have something like seventeen. May I here in passing point out something which I think should have been mentioned before? The provision for a large number of directors is one which was put into the original statute by hon. members opposite. If there were too many directors appointed by the late government, it was because the late government took the act as they found it, and appointed directors to the number which was provided by the statute as passed by the previous administration.

Mr. BENNETT: As a matter of fact, we increased it so as to give representation to all.

Mr. MACKENZIE KING: Yes, the number of directors was increased from fifteen to seventeen by the present government. What I am pointing out is this: In this particular measure the government is proposing to give complete control to three persons. If the railway were being handed over to another company, a purely private concern, to run, there would not be anything like the absolute private control which is provided for in this particular measure. Such a company would require that at least its shareholders should know what its directors were doing. Under this measure, this parliament, which represents the shareholders of the National railways, is parting absolutely with its control, unless in some way the budget and its details can be brought here to receive both discussion by and the approval of parliament.

I rose more particularly to speak in connection with the publicity which should be given to expenditures, particularly those made in the form of salaries, and I would like to conclude by reemphasizing this point. I believe that we in parliament would have escaped some of the criticism which has been made if we had had a provision in our original enactment to provide for giving to parliament the fullest information with regard to all expenditures made in the form of salaries. If this is an error which has been made in the past, let us not repeat it by following a practice which will make for even greater secrecy with respect to the expenditure of public money.

Mr. EULER: Mr. Chairman, I want to assure the Prime Minister and the members of the committee that I have no desire to be unduly critical of the provisions of this bill. I would not be making any reference to the subject of the discussion this afternoon were it not for the fact that the Prime Minister referred to the matter of amalgamation. In answer to a question which he asked this afternoon, I said that I was in favour of amalgamation under public and not private ownership. Perhaps I should have said what was in my mind when I spoke on the second

reading of this bill, but I will do so now. I realize that amalgamation could not come at the present moment, but when it does come, it should come under public and not private ownership. Just in passing, I may say that I have no desire to deal at any length with this particular phase of the matter, but in my opinion amalgamation will have to come. This government will have to face that problem just as it will have to face some other things which so far it has not had either the inclination or the courage to face.

Something was said about the reference by the royal commission to the red thread of extravagance which had run through the Canadian National Railways. I do not want to make any invidious comparison but I think it is known to everyone that the same description could be applied to the operations of another railway. If the red thread of extravagance did in fact run through the operations of the Canadian National Railways to any extent, it also ran through the operations of the other railroad.

Now with regard to the clause under discussion and the suggestion made by the hon. member for Quebec South, I would say that I am in favour of that only in case the government refuse to accept what seems to me the reasonable alternative. The suggestion advanced by the hon. member for Quebec South is that by having the salaries voted by parliament we would have some measure of control over the board of trustees. I think we should have some measure of control over that board. I do not particularly favour this method, by having parliament vote the salaries, and just here let me say that I am one of those who would like as little interference as possible with these trustees when they take over the management of this railway. But I want to point out that if the bill goes through as it stands now the House of Commons or the government itself, and I am speaking now of the cabinet, has no power whatever to get rid of that board if it should desire to do so. The members of the board will be appointed for terms of seven years, and there is no means provided for dispensing with their services except by the vote of both houses of parliament. If we have any belief whatever in democratic government I think the control of the board should rest not with both houses of parliament but with the House of Commons or the executive itself. That is the point I desire to make.

It was stated during the debate on the second reading, I think by the Prime Minister, that the board of trustees could not spend a sou without the consent of the governor in council. I think the Prime Minister was wrong in that statement; perhaps he did not mean exactly what he said, because this parliament and this government have absolutely nothing to do with the expenditure of the operating revenues of the railway. They are perfectly free to do as they please with revenues amounting to $150,000,000 or $160,000,000, and that was the case under the old dispensation.

Mr. BENNETT: I think the hon. gentleman has not correctly quoted me, I was dealing with capital expenditures.

Mr. EULER: I regret to disagree with the right hon. gentleman but I am rather sure that if he looks up his remarks in Hansard he will find that he said that the trustees could not spend a sou without the consent of parliament. I am quite willing to believe that what he now says is what he meant; I think that must be taken as the fact, but we cannot interfere with the expenditure by the trustees of the revenues received by the railway in the ordinary conduct of its business. As my hon. friend from Quebec South said, the trustees may play ducks and drakes with the railway. I do not anticipate that they will do anything of the sort, but if that should happen we have no control over them except by an address of both houses of parliament, and I am perfectly frank in saying that I do not think that responsibility should be shared with the other house. After all it is the members of the House of Commons who represent the Canadian people, and if it should be found desirable to dispense with the services of the members of this board that should be in the hands of the cabinet or of the House of Commons. It is quite conceivable that it might become absolutely impossible for another government, after an election, to dispense with the services of these men.

Something has been said here about being sure that no political influence is brought to bear upon the board. I said before, Mr. Chairman, that I should like to have that influence reduced to a minimum. I do not desire to bring up any recriminations, but if there was one criticism made of the former government more often than another it was that they did not interfere sufficiently with the expenditures made by the board of directors of the Canadian National Railway. Yet to-day this government—and I am not particularly criticizing them—are going a great deal further; they are going to rid themselves of all power of interfering with the conduct of the railway.

Personally I rather like that idea, but I do think the matter should remain within the control either of the government or of the House of Commons so that, if we so desired, we could get rid of the board of trustees. I think that is a change the government should make a little later on in the clause, and if they would consent to that I should think the suggestion made by the hon. member for Quebec South would be entirely unnecessary.

Mr. BENNETT: Just one word in reply, Mr. Chairman. It is not often that the right hon. leader of the opposition and myself are in accord. If the right hon. gentleman gathered from what I said that I believed in secrecy with regard to everything connected with public companies he was entirely in error. I have expressed myself very freely during the last two years or so with respect to that matter. There have been wrecks of companies in this country which, if this parliament had possessed jurisdiction, certainly would have been heard of; I say that to the right hon. gentleman now. It is true they happened under circumstances which precluded the possibility of this parliament exercising control, but I am wholly in sympathy with the effort that has been made during the past few weeks by those interested in one corporation to obtain information as to how the money they paid into that corporation was invested. Certainly I am of the opinion that publicity is the surest cure for many of the corporate evils that have grown up in the world in the last few years. About that there is no doubt; I am wholly in accord with that view. I have expressed myself perhaps too freely in that regard, in the view of some of my old time personal friends. But I put this to the committee, and I put it very fairly: it is an altogether different thing to throw into this house the discussion from year to year of the salary you are going to pay a trustee. Knowledge must be given, of course, but to say that this parliament is to vote that sum implies that the Minister of Finance will introduce it as an estimate, and if he introduces the salaries of the trustees as an estimate why should not that practice be followed in regard to the rest of the officials of the railway as well? That would negative the very object this bill has in view. Section 12 provides that the annual budget of the national railways shall be under the control of the trustees.

Sir EUGENE FISET: Does not the Prime Minister think the wording of this clause is obscure? The very fact that you mention the annual budget suggests that such a budget should be presented to parliament. In the discussion on the resolution I think that was why the Prime Minister left us under the impression that the annual budget of the Canadian National would be submitted to the house.

Mr. BENNETT: Perhaps the hon. gentleman would follow the remaining words of the section:

> Amounts required for income deficits, for interest on obligations outstanding in the hands of the public, for capital expenditures and for refunding or retirement of maturing securities shall be submitted by the trustees to the Minister of Finance for the consideration of the governor in council prior to presentation to parliament.

Then if we turn to section 13, dealing with the auditors, we observe that the auditors are to make such explanations to parliament as may be thought desirable in connection with the conduct of the business of the company. Then we come to section 14, which provides:

> The trustees shall make a report annually to parliament setting forth in a summary manner the results of their operations, any cooperative measures, plans or arrangements effective pursuant to this act, any economies or more remunerative operation thereby produced, the amounts expended on capital account in respect of the railways, works, property, facilities and services comprised in the undertakings of national railways and such other information as appears to them to be of public interest or necessary for the information of parliament with relation to any situation existing at the time of such report, or as may be required from time to time by the governor in council.

I thought that at least sufficiently met the difficulty to which the hon. member for North Waterloo now refers, namely, that if the report of the trustees is not sufficiently clear or is not ample to enable the government to understand the whole situation, the governor in council, which is the executive, may require such information from time to time.

As to the removal of the trustees, this is a matter of extreme difficulty. In an endeavour to secure trustees who would not be subject to political pressure, shall I say—and I am using that word in the broad sense—you must provide for continuity of service and stability of employment, if I may use that expression. A few moments ago I referred to a case in which there was provision for a given number of years. On the one hand it was contended that the crown had the right to terminate that employment when parliament took the action that it did, in abolishing the tribunal of which the gentleman was a member. The Supreme Court of Canada and the exchequer court both said that was the correct view. The matter is now pending in

the courts, so I shall do no more than merely direct attention to it. This parliament has the right to repeal any of these sections at any time if it so desires.

Mr. EULER: But not the House of Commons.

Mr. MACKENZIE KING: The House of Commons has not the power.

Mr. BENNETT: The House of Commons, no. It is rather difficult to understand any hon. member of this house, and I think the leader of the opposition will agree with me, suggesting that there are not two houses of parliament.

Mr. EULER: I am not suggesting that.

Mr. BENNETT: The suggestion is that one constitutes parliament; it does not. There are three estates of the realm.

Mr. EULER: We all know that.

Mr. BENNETT: The Commons, the Senate and the crown. The hon. gentleman may know it, but he certainly did not say it. What he said was that the House of Commons should determine these things.

Mr. EULER: That is exactly what I meant.

Mr. BENNETT: That it was the only body that should deal with these matters. Now parliament is the body that deals with them, and parliament consists of two chambers, not one, and I do submit when it is suggested that one body should usurp all the functions of parliament, that that is a mistake. Why is it that the tenure of office of judges has been surrounded with the conditions which have been applied thereto?

Mr. MACKENZIE KING: They administer the law; they do not make it.

Mr. BENNETT: But I say that this is an endeavour to put the administrative trustees in a position where they at least could feel that they could exercise independent judgment without having to respond to political convictions.

Mr. MACKENZIE KING: They are doing much more than administering.

Mr. BENNETT: No, they are only administering in the large sense, because administration involves all the functions mentioned in the bill. They are essentially the directing administrators as trustees of this property.

[Mr. Bennett.]

The hon. member for North Bruce (Mr. Malcolm) said that the chairman should be a railroad man. The statute provides that the operating official of the road as distinguished from the executive head of the road shall be the operating man. The executive head of the road, the chairman of the board of trustees, the man who discharges with relation to this undertaking what is discharged by the executive committee, for instance, of the great transcontinental railroads of the United States, which have their head offices in Omaha or Kansas City, but their executive committees in New York—they have their executive offices in the city of New York, why? Because the financial concern of a railroad enterprise is of such paramount importance. This statute contemplates that the operating official—the name used is president, which might lead to some conflict of view; I do not know that it is the best word that could be used; some other word might be more apt—is the man who is responsible for operations. But so far as the board of trustees is concerned, its functions must necessarily be largely concerned with what you might call the financial picture as distinguished from the other side of it. When you hear talk about the humanities of the situation, the fact is that the humanities of the situation are dealt with by the operating head of the road and by the men themselves. Everyone who knows the history of railroads is aware of the fact that in their unions the men have established safeguards to protect themselves in the most ample manner, and the relations between them and the road itself are usually dealt with at conferences between the men and the president and the officials of the operating section of the road. You see in the paper, for instance, that the heads of the union organizations have met such and such operating officials, and if they are unable to agree, they have a board. So this is an effort at least to meet an emergency situation in which the Canadian people are called upon to pay something over one million dollars a week.

Mr. MALCOLM: Quite so, an emergency situation.

Mr. BENNETT: Quite so, and in this emergency the board is to be appointed—

Mr. MALCOLM: But the legislation provides for permanent appointments, for the trustees acting continuously.

Mr. BENNETT: It certainly does.

Mr. MALCOLM: The emergency is not going to be everlasting.

Mr. BENNETT: No, but you could not in a bill give any form or shape to a policy if you limited its application to a particular period of time. I think the hon. member is too familiar with business not to say that is so; particularly when dealing with a large public utility, that one of the dangers in endeavouring to limit the time in which a policy is to be operative is that by so doing you defeat your own end. But the main concern of this board of trustees, I would once more urge upon the committee, which the commission had in mind was to endeavour to secure such administration of this property as would relieve the taxpayers of Canada from paying one million dollars a week.

The other side of it, the humanity side of it which has been mentioned, is left largely to be dealt with by the president and the various officials of the road in conferences with the unions, such as have always taken place and at which adequate measures have been taken for safeguarding the interests of all who might be concerned.

But the great concern of this legislation is to endeavour to provide a body of men of such competence as will ensure that these continuing deficits will vanish. That is the story as I appreciate it and as it has been put to me, and as I understand the whole purpose for which the commission was created and the action taken.

Coming back to the amendment, I submit that it is not the proper form of an amendment to be moved in this house because it asks to put a charge on the revenues of the dominion. The leader of the opposition says that you cannot sharply divide where deficits begin and surpluses end, but we all know the difference between operating revenues and operating expenses, and included in the operating expenses are the salaries of the transportation officials, not only transportation in the narrow sense but of all those who constitute the personnel operating the railway. It would be an anomalous situation if we appointed a board of trustees and provided that they shall be paid by parliament although operating a system whose revenues under the law they control. I think it is not only out of order to suggest that an amendment be moved by a private member which charges the Finance minister with introducing in parliament an estimate, which is altogether improper as I understand the constitutional workings of our law, but it goes further and would precipitate into this house a discussion from time to time as to whether or not we shall vote to these men every year a sum of money for salaries. Their salaries will undoubtedly be known to everybody. The government under the statute must take the responsibility for fixing those salaries. If they are too high the house will censure the government; if they are not adequate we shall not be able to get the trustees.

Mr. MALCOLM: When I spoke on the second reading of this bill I said that my principal objection to the legislation was that the Prime Minister had distinctly pointed out what he always points out when he arises, that we are dealing with an emergency, and yet the bill which is to deal with an emergency appoints trustees who cannot be dismissed. If the Prime Minister or the Minister of Railways would incorporate in this legislation a fixed period of time, say five years, within which these men were to be given absolute power, I would support that phase of the legislation very freely, but I do point out to the Prime Minister and to the minister that in this legislation we are just continuing the system we had before under the old act, the system which was criticized in the last parliament, the system by which the directors can spend every dollar of operating revenue which they receive and spend it as extravagantly as they see fit. No one is of the opinion that railway tonnage will remain at its present low level. Everyone believes that general business conditions will improve. When they do improve, and the operating revenues of the railways are sufficiently great, not only should interest be paid to the bondholders, as it was in one or two successful years under the leadership of the late Sir Henry Thornton, but there should be provision for substantial payments towards those moneys which the parliament of Canada has advanced. I contend under this legislation we are appointing these men permanently, and giving them exactly the same power as Sir Henry Thornton had. I contend that this is an emergent situation. Probably if it were private business it would be in liquidation, and if it were in liquidation it would be in the same position as some American roads in connection with which receivers have been appointed. Yet, being guaranteed by the people of Canada, these bonds have to be met; the road being the property of the Canadian people it cannot go into liquidation. Therefore the only alternative is to appoint, one, two, three, four or five men, whatever number the government decides upon, to act as trustees. I object strongly to these trustees being appointed for a continuous period of time. They are not like judges; there can be no comparison between them and judges. A

judge is appointed to administer the laws which this parliament makes, and all parliament has to do is to change that law. These men are appointed to administer a great national utility, and to administer it with such a free hand that every dollar of revenue they receive may be spent in operating expenses. This parliament or government has no control over them, unless both houses of parliament agree, which is not very likely. I have no doubt the hon. member for Quebec South would withdraw his amendment if these men were appointed for a definite period of years—say five years.

Mr. POWER: I admit I am surprised at the attitude taken by the Prime Minister in connection with observations which have been made from this side of the house. He complains that we have been unduly critical. He urges us to bless this bill, whether it be good or bad. He will recollect, at any rate I know the Minister of Railways will, that when the bill was introduced he besought our co-operation.

Mr. BENNETT: And I did it again to-night.

Mr. POWER: We are endeavouring to give co-operation. On the last occasion when the bill was presented we suggested certain amendments which were discussed and which were accepted to-day. To-day we are pointing out—

Mr. BENNETT: Two of them were promised before the house ever went into committee. It has taken six hours to talk about them.

Mr. POWER: I am now discussing an amendment which provides that the Board of Railway Commissioners shall have some control over the tearing up of branch lines. To the best of my knowledge—and I followed the debate on this bill very closely—there was no such promise made.

Mr. BENNETT: It was stated section 23 applied; that must relieve any doubt.

Mr. POWER: It was argued at great length by the Prime Minister that section 23 did apply. Evidently he is not quite sure of it. We will now find some of the theories laid down by the Prime Minister with respect to the board of trustees of which he is not quite sure, either. A great many of us are not quite sure that we agree with him on the position he takes. He has said the proposal we were making was something new. Since when is it new for the parliament of Canada to have control over moneys expended and derived from the taxpayers? Since when is it new for the House of Commons to know what salaries are being paid for the administration of its property?

Mr. BENNETT: No one has said there is any objection to knowing what they are.

Mr. POWER: Surely the Prime Minister is not serious when he tells us we ought to be satisfied to know what they are. After all our duty as members is to see that the moneys raised from the taxpayers are spent in the interests of those taxpayers, and our further duty is to control the expenditure of that money. If there is anything new in the present situation, then it is a new position which is now being created. These men mentioned in the bill are called trustees; we are told they are not directors. As the right hon. gentleman pointed out, directors are elected annually. If shareholders are not satisfied with the directors they do not reelect them. As a general rule trustees are under the control of a court. In the present instance, however, we have an example of a new species of administrator. We are setting up a railway dictator, or possibly three railway dictators. We are giving them seven years in which to operate, and providing that of their own volition their offices may be self-perpetuating. We are giving them practically perpetual control over property belonging to the people of Canada. The Prime Minister has said we may repeal the act. I know, and we all know, that the very moment any proposal is made to repeal the act or to repeal that section of it, we will be told that the national honour is at stake. Section 7 of the bill states:

> No trustee shall be removed from office, nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

I suggest this is a contract which the parliament of Canada enters into with trustees, and by that contract we cannot remove them. Let us suppose that two of the trustees wish to reduce their salaries, but that the third man declines, and states, "There can be no reduction of my salary." We could not do it, and the other trustees could not do it. A change could be made only for assigned cause and on address of the Senate and House of Commons of Canada. I submit the proposal which we are making, namely that the salaries should in some way be within the control of the House of Commons of Canada, is reasonable and logical, and is not new. There is nothing revolutionary about it, and the suggestion represents one of the fundamental rights of parliament.

The Prime Minister states he wishes to place these men above all suspicion of political interference. In that connection I wish to repeat what I said on another occasion, namely that the Duff commission did not find that under the former regime, or the present one, officials were interfered with either by ministers or by members of parliament in connection with the detailed operations of the road. I assume that if the new trustees to be appointed are men of as high calibre as those who were made directors, those trustees will not be interfered with, either. But the serious political interference comes in when branch lines are unloaded, and that interference can be carried on when the trustees are appointed and when—

Mr. BENNETT: There are not any branch lines left; they have all been taken up.

Mr. POWER: When the matter was under discussion before I pointed out that there was the Témiscouata railroad, and the Pacific Great Eastern, which is worth about $50,000,000.

Mr. MANION: Without the sanction and guarantee of parliament they could not take over a railway.

Mr. POWER: That is the point I am trying to make. Parliament could foist on these trustees any branch line railway now independently existing in Canada.

Mr. MANION: Not if the trustees did not wish to take it.

Mr. POWER: There is nothing to prevent the introduction of a bill providing for the payment for the Pacific Great Eastern or the Témiscouata railway of so many million dollars, and saying that this railway shall belong to the Canadian National system.

Mr. HACKETT: Do you believe in parliamentary government?

Mr. POWER: I do, but the argument of the minister was that we are appointing these men for seven years, making them dictators so that they will get away from political interference. What I am endeavouring to make clear is that the political interference which may have bedevilled this road in the minds of some hon. gentlemen opposite and of a section of the public is political interference which put branch lines over on the Canadian National; not that which might interefere with detailed operation, such as the appointment of a watchman. These trustees are not getting us away from political interference in the harmful sense; that is the point I am trying to make. If they are not going to do any good to the road other than keep some member of parliament from a back concession from having one of his friends appointed brakeman or having someone appointed to sweep out the Union station here, if that is all we are going to appoint dictators for, I submit that one year is enough, or perhaps six months. That is the position I take.

Mr. MACKENZIE KING: Mr. Chairman, I do not know whether the committee are aware that this provision, namely that the trustees shall not be removed except by an address by both houses of parliament, is something which was not in any way recommended by the Duff commission. It is a provision put in by the present ministry, or at their instigation. The Duff commission does not make any suggestion of the kind. The self-perpetuating feature of the trusteeship comes from the Drayton-Acworth commission report, and in that connection the remarks of one of those commissioners are very significant. Mr. Smith, one of the commissioners, used these words as part of his report to parliament—

Mr. MANION: He was a minority.

Mr. MACKENZIE KING: Yes, but it is interesting to see what he said:

> I am unable to join my colleagues in their recommendations. They propose that practically all of the railways in Canada, except the Canadian Pacific and the American lines, shall be turned over to a corporation to be managed by a board of trustees appointed by government. They insist that this board is to be permanent and self-perpetuating. I do not know by what means one parliament can bind its successors to a given policy, especially in so simple a matter as changing the organization of a government board. My friends seek to avoid government ownership and operation, in fact condemn it as inadvisable, but propose a plan which contains so many elements of danger in the direction which is sought to be avoided that I am unable to join them.

I direct the attention of the committee to what is there said about the desire to avoid government ownership and operation. Mr. Smith's friends on the commission, the majority, according to the other commissioner, wished to avoid government ownership and operation, and to make it impossible, and according to Mr. Smith one of the means taken to make it impossible was to make the trustee board self-perpetuating. I submit that as long as we have government control or purport to have it and are going to endeavour to carry it out, we should not enact legislation which is definitely designed to make government control impossible.

Progress reported.

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

Wednesday, April 19, 1933

The house met at 3 o'clock.

RAILWAY ESTIMATES, 1933-34

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1934, was presented by Hon. E. N. Rhodes (Minister of Finance), read by Mr. Speaker to the house, and referred to the select standing committee on railways and shipping.

Mr. MACKENZIE KING: Do these estimates refer exclusively to the Canadian National Railways?

Mr. RHODES: To the Canadian National Railways and the Canadian National Steamships.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INCOME TAX

Mr. ROBERGE:

1. How many persons, companies, corporations or others paid income tax in 1932 on an income of (a) $10,000 to $20,000; (b) $20,000 to $50,000; (c) $50,000 to $75,000; (d) $75,000 to $125,000; (e) $125,000 to $175,000; (f) $175,000 to $225,000; (g) $225,000 to $250,000?

2. What was the total amount of revenue collected by the government in 1932 under the heading of income tax?

Mr. RYCKMAN:

1.	Individuals	Corporations
(a)	8,306	849
(b)	2,867	879
(c)		
(d)		
(e)	614	971
(f)		
(g)		

It is not deemed in the public interest to answer (d), (e), (f), (g) separately.

2. $61,254,399.80.

ST. OMER, QUE., PROTECTION WORK

Mr. MARCIL:

1. Was any protection work constructed by the Department of Public Works on the property of Omer Arseneau, at Saint-Omer, county of Bonaventure, and at what cost?

2. Was this work inspected by the engineer of the department?

Mr. STEWART (Leeds):

1. No.

2. Answered by No. 1.

[Mr. Mackenzie King.]

CLOSING OF POST OFFICES

Mr. POULIOT:

1. How many post offices have been closed in each province since November 1, 1932?

2. How many new post offices have been opened in each province since the same date?

3. How many of these new post offices have a net revenue, after deducting the postmaster's salary and mail carriage charges from the gross revenue?

Mr. SAUVE:

1. Nova Scotia	13
Prince Edward Island	0
New Brunswick	6
Quebec	15
Ontario	9
Manitoba	3
Saskatchewan	8
Alberta	5
British Columbia	2
Yukon	0
North West Territories	0
2. Nova Scotia	0
Prince Edward Island	0
New Brunswick	1
Quebec	15
Ontario	3
Manitoba	0
Saskatchewan	9
Alberta	12
British Columbia	2
Yukon	0
North West Territories	1

3. Offices not in operation long enough to enable the department to say whether there will be a net revenue or not.

DISMISSAL OF POSTMASTERS

Mr. POULIOT:

1. Since November 1, 1932, how many postmasters lost their position in each province by reason of the removal of post office ordered by the Postmaster General?

2. How many of these postmasters were instructed to change the location of the post office before such change was made?

Mr. SAUVE:

1. Ontario	Nil
Quebec	5
Nova Scotia	2
New Brunswick	2
Prince Edward Island	Nil
Manitoba	Nil
Saskatchewan	Nil
Alberta	Nil
British Columbia	Nil

2. None.

BOARD OF GRAIN COMMISSIONERS—LEGAL SERVICES

Mr. BROWN:

What was the amount of the fees paid for legal services by the Board of Grain Commissioners during each of the five crop years immediately preceding July 31, 1932?

Mr. STEVENS:

1927-28	$ 135 00
1928-29	2,093 12
1929-30	5,983 05
1930-31	937 25
1931-32	5,935 20

FRANK P. JONES—INCOME TAX

Mr. GARLAND (Bow River):

1. Has Frank P. Jones paid income tax on profits made by him through the Beauharnois enterprise to the amount of between $750,000 and $800,000 as shown at page 382 of the evidence taken before the committee of 1931?

2. If not, has the Dominion government made a demand on Jones for payment?

3. Is it true that said Jones refused to pay, and the government intimated that legal action would be commenced?

4. If such legal action has not been taken, why not?

Mr. RYCKMAN: The subject matter of this question is not proper when considered in the light of the practice of parliament. It has never been the practice to give out information of the character asked for in this question and I would refer the hon. member to section 81 of the Income War Tax Act.

Question dropped.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SASKATCHEWAN RELIEF COMMISSION

Mr. POWER:

1. Were any moneys paid by the Dominion government to the Saskatchewan relief Commission or to the government of the province of Saskatchewan during the years 1930, 1931, and 1932, for the purposes of paying freight charges on goods destined to the relief area?

2. If so, what was the amount of such payments in each year?

3. Are these payments to be considered as advances or as direct contributions by the Dominion government?

COATICOOK, QUE., POSTMASTERSHIP

Mr. POULIOT:

1. How many applicants passed their examinations for the postmastership at Coaticook, province of Quebec, on or about January 25 last?

2. What are their names, addresses, and the number of marks secured by each applicant?

3. Which of these applicants performed military service?

4. Who was appointed postmaster?

DISMISSAL OF POSTMASTERS

Mr. POULIOT:

1. How many postmasters have been dismissed since the month of August, 1930?

2. How many postmasters have been appointed (a) temporarily; (b) permanently since the month of August, 1930?

INVESTIGATIONS FOR POLITICAL PARTISANSHIP

Mr. POULIOT:

1. How many investigations for political partisanship were ordered by each department in each province since November 1, 1932?

2. What was the cost of these investigations in each province?

MOTION FOR PAPERS

PENSIONS PAID OUT OF CONSOLIDATED FUNDS

Mr. LUCAS:

For a return showing a list of the names of all persons receiving a pension payable out of the consolidated funds voted annually by the parliament of Canada; also showing (a) the date when the pension was granted; (b) the date from which the pension became effective; (c) the nature of the services for which the pension was granted; (d) the annual amount payable in each case; (e) if a disability pension, the percentage of disability. Also a statement showing the total amount payable annually on the different classes of pensions paid by the government of Canada, and the number of persons in each category receiving a pension.

Mr. CAHAN: There is an order which has been some weeks in the course of preparation which will give practically all the information asked for in this motion. I have no objection to this motion passing, but I think the one return will cover both orders.

Motion agreed to.

ADVANCES TO PROVINCES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, I should like to inquire of the Prime Minister (Mr. Bennett) if he is in a position to give the house the correspondence which he has had recently with the western provinces concerning financial arrangements. The correspondence with the province of Manitoba has been tabled in the legislature and made public, but this house has not as yet received any correspondence. If it is not possible to give this correspondence as a whole, perhaps it could be presented in so far as it is available.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, the correspondence published with respect to the province of Mani-

toba covers the correspondence with the three western provinces except that as far as I am aware no reply has been received from one of the provinces. There is no reason why this correspondence should not be brought down in part.

Mr. MACKENZIE (Vancouver): It is identical for all the provinces?

Mr. BENNETT: Yes, except as to the replies.

BRITISH EMBARGO AGAINST RUSSIA

PROCLAMATION PROHIBITING IMPORTATION INTO UNITED KINGDOM OF SPECIFIED COMMODITIES

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, it might be of interest to the house to know that a proclamation has been issued by the government of the United Kingdom prohibiting the importation into the United Kingdom on and after April 26 of the following soviet goods:

Butter.
Wheat in grain.
Barley.
Oats.
Maize.
Poultry and game.
Raw cotton.
Petroleum.
Timber.
Plywood and builders' woodwork.

UNEMPLOYMENT RELIEF

On the orders of the day:

Mr. PETER McGIBBON (Muskoka-Ontario): Mr. Speaker, I should like to ask a question of the Minister of Labour (Mr. Gordon). I have received a telegram from the reeve of the township of Macaulay in Muskoka who states that they have spent all the money that was possible to be raised by taxes or by borrowings, either privately or from the banks, and that they have had to discontinue the granting of relief. They have appealed to the authorities at Toronto for assistance but this has been denied. I should like to ask the minister just what we can do with conditions such as these.

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, the provincial authorities have not brought this matter to the attention of the department. I assume that they are in full possession of the intimate facts in connection with the township's finances. I might draw the matter to the attention of the province, but I do not think I should follow that course. The province is in a position to judge whether or not this township should receive assistance, and my view at the moment is that I should be obliged to rely upon their judgment in the matter.

Mr. McGIBBON: I wish to supplement my question. I know for a fact that the township is bankrupt; I know that the banks have refused to loan them money; I know that they have tried to borrow money privately and cannot do so. What I would ask is this: Is this government prepared to give assistance? May I have an answer?

Mr. GORDON: I cannot add anything to the answer I have already given.

COAL INQUIRY

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Has the Minister of Labour received the report of the investigation recently conducted under the Combines Investigation Act into coal prices? If so does he intend to present the report to parliament during the current session?

Hon. W. A. GORDON (Minister of Labour): The coal report has not yet been concluded by the registrar. I have inquired on a number of occasions when it will be ready and asked that the work be speeded up if it is at all possible to do so. I believe that the registrar is putting forth every effort to have the report completed, and I believe it will be ready in a very short time. When it is ready and is submitted to me the procedure contemplated by the statute itself with respect to the report will be followed.

RADIO BROADCASTING

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): Yesterday I directed a question to the Minister of Marine and he said he would give an answer to-day.

Hon. ALFRED DURANLEAU (Minister of Marine): The answer is no.

Mr. MACKENZIE (Vancouver Centre): What was the question?

RAILWAYS AND SHIPPING

Right Hon. R. B. BENNETT (Prime Minister): May I revert to motions for the purpose of moving:

That the name of Mr. Munn be substituted for that of Mr. Hanbury on the select committee on railways and shipping.

I understand that Mr. Hanbury has gone home and Mr. Munn was on the committee last year. The motion is seconded by Mr. Stevens.

Motion agreed to.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Tuesday, April 18, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes—Mr. Manion—Mr. Gagnon in the chair.

The CHAIRMAN (Mr. Gagnon): The committee is now considering section 5, subsection 1, salaries and pensions, and the amendment thereto of Mr. Power.

Hon. R. J. MANION (Minister of Railways): Before the question is put I should like to show the disadvantage of the proposal put forward in the amendment. The proposal is, as I understand it, that the salaries of the trustees be paid directly by parliament rather than by the railway. In the first place this would make a very radical change in the whole system of management and operation of the Canadian National Railways, and I do not think my hon. friend has given it the serious consideration which he devotes to other subjects; had he done so, he would probably not have moved the amendment. First of all, while this would not be a reflection in any way upon the trustees, it would nevertheless convert them from trustees of the Canadian National railways into virtual civil servants. It would bring them distinctly under the control of the parliament of Canada. They would be placed in this position, that if the government of the day, whatever government might be in power, so chose, it could use the fact that it was going to have to vote the salaries of these trustees for the purpose of getting rid of them forthwith. Moreover, it would place in the hands of any individual member of the house a club which he could use over the trustees if he were so inclined. In other words, if some hon. member wanted to have a station built at—

An hon. MEMBER: Riviere du Loup.

Mr. MANION: Someone suggests, a station at Riviere du Loup. Well, if an hon. member wanted a station there or anywhere else he might, if he were persistent enough, go to one of the trustees and give him to understand that if he did not agree to the building of this station, or it might be the building of a branch line, or the performance of some other act on the part of the national railways, it was his intention to oppose most strenuously, and to get his friends to oppose in the house, the payment of salary. I think it would be a most retrograde step so far as the Canadian National Railways are concerned—the most retrograde step ever taken by any government in Canada. It would be throwing the national railways into the political arena to an extent such as they never have been under any government at any time in the history of our railways.

Mr. POWER: The minister seems to find some objection to placing the trustees under the control of parliament, but that is where they should be, and that is where we differ from the hon. gentleman. There is a very radical difference of opinion between us. As to the argument that this might constitute a club which might be held over the heads of the trustees, all I have to say is this, that if they are the men we expect they will be they will not be afraid of any such club. The same argument might apply to any deputy minister. What is to prevent any member of parliament from saying to a deputy minister that he will oppose a vote for his salary unless the deputy builds him a wharf or arranges to provide a post office? The situation is exactly the same, but so far as I know, no such attempt has ever been made by any member of parliament. I only wish to repeat the argument advanced last night, namely, that these men constitute a new body, a new species of control. They are not directors, we have been told; they cannot like ordinary directors be removed by the shareholders at the end of the year. They are not trustees in the sense of an ordinary trustee in bankruptcy, because they are not under the control of any court. They are not obliged to consult anyone. We simply hand over to three men to whom we pay a salary the whole management and control of the greatest asset which the Canadian people have.

Mr. MANION: I do not agree that they are receivers in bankruptcy or anything of the kind. At any rate, it seems to me that if you attempted to place them on that basis you would find it very difficult to obtain good men to undertake the duties. I do not think the position of trustee is akin to that of a deputy minister, because it has never been the custom of this or of any other government, or of the parliament of Canada, to pay

these salaries and put the personnel directly under the control of parliament. I submit, as I did last night, that by the submission of the railway budget to the Minister of Finance and the necessity of voting the financial needs of the railway in this house, the railway will quite adequately be under the control of parliament. I do not wish to delay the motion at all, but certainly I do not think it would be wise for parliament to take any such step as that contemplated by the amendment.

Mr. HANSON (York-Sunbury): I had no intention of intervening in this debate, and I shall not do so now at any length. I should like first of all to call the attention of the committee to the point raised by the Minister of Finance, that this would constitute in a measure direct political interference with the management and operation of the road. I would also call the committee's attention to a paragraph in the report of the select standing committee on railways and canals last year, which was unanimously passed by the committee and unanimously supported in this house, to the effect that there should be no political interference in any way with the management of this road. If I mistake not, my hon. friend from Quebec South (Mr. Power) and my hon. friend from North Waterloo (Mr. Euler) strongly supported that principle, and I do not think that to-day we should take this retrograde step. But my more immediate purpose in rising at this time is to raise a point of order as to the validity of the amendment. I submit, Mr. Chairman, that this amendment is out of order because it interferes with the destination of supply and could not be raised at this time in this manner.

The CHAIRMAN (Mr. Gagnon): I submit that the point of order raised by the hon. member for York-Sunbury is sound, and I therefore rule the amendment of the hon. member for Quebec South out of order as contrary to standing order 60. His amendment proposes that the salaries of the trustees shall be paid out of moneys voted by parliament. A private member has no right to make a motion or move an amendment indicating the destination of moneys voted by parliament.

Mr. POULIOT: I understand, Mr. Chairman, that we are discussing section 5.

Mr. POWER: On the point of order, Mr. Chairman, whilst I do not agree with your ruling and hope that it will not constitute a precedent, I shall not press my amendment.

[Mr. Manion.]

Mr. POULIOT: On section 5 may I suggest to the government some means of expediting the discussion of this bill in committee?

The CHAIRMAN (Mr. Gagnon): Is the hon. member speaking to the amendment?

Mr. POULIOT: I am speaking to the whole section.

The CHAIRMAN (Mr. Gagnon): May I first ask if the hon. member for Quebec South is going to withdraw his amendment?

Mr. POWER: I am not going to withdraw my amendment. I regret that I cannot agree with your ruling, Mr. Chairman, but I shall not press the matter further.

Mr. POULIOT: I want to make a suggestion not only to the minister but to the government as a whole, and especially to the Prime Minister, in order that the discussion of this bill in committee may take up the least possible time. What is the history of this legislation? Section 5 of the bill is based on the report of the Duff commission, a resume of which I have here, and in article 203 on page 63 I read:

> Three trustees should be appointed by the governor in council, in whom should be vested all the powers of the present board of directors of the Canadian National Railways, both in respect of the parent and all subsidiary corporations of the system; and any and every power and authority necessary to enable them to administer the property and operate the system and every part thereof.
>
> Senators and members of the House of Commons and persons holding or having within five years held office or place of profit under the crown in the right of the dominion or one of the provinces of Canada, should be disqualified for appointment.

There have been three drafts of the bill which we are now studying. The first draft was introduced and read a first time in the Senate on October 27, 1932, and section 4 of that draft reads as follows:

> (1) No person who is a senator or member of the House of Commons, and no person holding or having within five years held any office or position to which any salary is attached payable directly or indirectly by His Majesty, in the right of the Dominion of Canada, or of any of the provinces thereof, shall be eligible for appointment as trustee.
>
> (2) Vacancies among the trustees arising from any reason shall be filled from time to time by the governor in council from a list of eight persons then named by the remaining trustees or trustee. All trustees shall be eligible for reappointment if so listed.

This section in the first draft bill which was read a first time in the Senate on October 27 is in accordance with section 203 of the report of the commissioners.

The bill was redrafted by order of the Senate committee on railways, telegraphs and harbours, and in that redraft, section 5 corresponds to section 203 of the report of the commissioners, including that eminent man, as he was described by the Prime Minister yesterday, Sir Joseph Flavelle. Section 5 in this redrafted bill reads as follows:

No person shall be eligible for appointment who at the time of any proposed appointment of a trustee or trustees under this act is, or within five years immediately then preceding has been,—

(a) a member of the Senate of Canada;

(b) a member of the House of Commons of Canada;

(c) a member of the council of any province of Canada;

(d) a candidate nominated under any act of the dominion or of any province of Canada for election as a member of the House of Commons of Canada or of the legislative assembly of any province of Canada; or

(e) the holder of any office, place or appointment to which is, or while it was held by him was, attached any salary payable directly by His Majesty in his right of the Dominion of Canada.

That section in the second draft of the bill is in conformity with the previous quotations which I have given.

Now I come to section 5 in the bill before us, which reads:

The trustees shall be paid by the National company such salaries as may from time to time be fixed by the governor in council, and if any trustee is in receipt of a pension from any railway company he shall not be entitled to receive or to be paid such pension during his term of office.

(2) Each trustee shall be paid but one salary, and saving and excepting that and his right to prepayment or repayment of his proper expenditures made while engaged in and upon the affairs of National Railways, he shall not be entitled upon any ground to any recompense or emolument.

The third draft bill which was passed by the Senate on February 23 last is entirely different from the other draft. I remember that my hon. friend from York-Sunbury protested in the house against the alteration of the first two drafts, and he protested also against the report of the commissioners because the first and second drafts were in accordance with their report. My first observation with regard to this is that the Senate has been putting aside the suggestions made by the commissioners, and suggestions which were approved by the Senate in the first and second instance. The Senate has modified the views expressed by the commissioners, and has not accepted them. If the Senate had not accepted these proposals in regard to the qualifications of the trustees, why does the government stand so stubbornly behind the appointment of only three trustees? In the Bible there is a book entitled Numbers. It would seem that the government attaches very great importance to the number three. In my view there should be more than three trustees.

Since the government puts aside the views expressed by the commissioners with regard to the appointment of the trustees, why is it that we should consider their view so sacred when it applies to other matters? No one is bound to accept those views; we have to weigh the pros and cons, and decide accordingly. May I make another practical suggestion to the government? Until now the Minister of Railways has been doing very well; I congratulate him. He has no legal training, but he has sound judgment. That is the difference between him and his leader. In his dealings with the committee he has shown good judgment. I pay him no small compliment, because I place him above a superman. It is a great compliment, and he deserves it.

It is essential that the house should know each step which has been taken since the report was made by the commissioners. That report is the basis for the legislation we are now studying. As undoubtedly the minister, although not a lawyer, has much better legal sense than has the Prime Minister, why does he not explain the legislation from the time the commissioners made their report? Why does he not explain every amendment made by the Senate both in committee and in the Senate chamber? It seems to me by doing so he would prevent much useless talk, and the discussion would be centred on the vital parts of the legislation. I have no officers at my disposal, and any information I have obtained I had to get myself, because I like to study conscientiously every piece of legislation brought before the house. What I say now I say not for the benefit of the Minister of Railways but mostly for the benefit of the right hon. leader of the government. If he were the junior clerk in my country law office I would say to him, "Mark you, my boy, you should listen to this wise advice; it is never too late for you to listen to something. You are like the Bourbons, you have learned nothing and forgotten nothing. It is time for you to forget what you do not know, and to learn what you should know." That is what I would most humbly and respectfully say to the gentleman who honours us by his absence. I hope some good friend will report to him what I have said about him. But I

do not wish to be discourteous to the Minister of Railways, because he is a gentleman. He has polite manners, and deserves to be treated fairly and squarely. I offer these suggestions to the house, and when they are accepted the minister will find that the legislation will pass much more quickly.

Section agreed to.

On section 5, subsection 2— One salary only to each trustee.

Mr. HANSON (York-Sunbury): That has been carried.

On section 6, subsection 1—Vacancies; appointment from panel.

Mr. POWER: I should like to move an amendment to this subsection. At present it reads as follows:

6. The governor in council may from time to time appoint or reappoint a trustee to fill any vacancy among the trustees from any cause occurring. The appointee shall be selected from a panel of eight names to be provided by a nominating board composed of the president of the Exchequer Court of Canada, the chief commissioner of the Board of Railway Commissioners for Canada and the existing or remaining trustees. Such board shall be convened by the chairman of the trustees. In the case of an imminent vacancy the board may convene and act in anticipation thereof. If no such panel is so provided within ten days after the occurrence of a vacancy the governor in council may appoint as he may be advised.

I propose to move:

That all the words after the word "occurring" in the third line be stricken out.

The point I wish to make is—

Mr. GEARY: What is all this about? What is the amendment? Read it.

Mr. POWER: I have just read it. It would seem to me that the amendment has something to do with Bill A of the Senate. I do not know just how far the hon. member has proceeded in his study of the bill, but I may tell him that is the bill we are now discussing. Further, we have been doing it for some few days.

Mr. GEARY: Would you mind telling us what you are discussing? Nobody knows what you are talking about.

Mr. POWER: Well, that is too bad.

Mr. GEARY: I mean that the hon. member is not speaking distinctly. He is speaking down into his book, and hon. members on this side of the house cannot hear him.

Mr. POULIOT: Could you hear if he were looking at the ceiling?

[Mr. Pouliot.]

Mr. POWER: That is probably the first time since I came into this house I have been told I did not make enough row. In order to please the hon. member from Toronto I will raise my voice a little. The amendment I am proposing is that all the words after the word "occurring" in the third line of subsection 1 of section 6 be stricken out. I propose that amendment because I believe the selection of persons to fill vacancies should be made in the same manner as the selection of the original trustees. There is no reason why in the selection of trustees two systems should operate. The present provision in that regard will serve only to perpetuate the members of the board originally selected, if they desire to be perpetuated. It will have the effect of forming a sort of small family compact controlling the Canadian National Railways. The discussion on this amendment would be along the line of that which has taken place since the beginning of the debate. If it is found impossible to place the trustees under the control of parliament, at least I believe they should be under the control of a government responsible to parliament and to the people. Therefore, as soon as I have drafted the resolution I shall move that that part of the section dealing with the composition or creation of a panel shall be stricken from this subsection. The amendment about which I have been speaking I have now prepared, and shall hand to the clerk.

Mr. MANION: I have been taking the course generally in regard to any amendments moved that we would let them stand and consider them later. So I would ask the committee, without further discussion of subsection 1 of section 6, to let it stand and we will go on with subsection 2.

Subsection stands.

On section 6, subsection 2—Chairman's tenure of office: tenure of other trustees.

Mr. HEENAN: I wonder if the minister would consider making the clause read "not more than seven years"?

Mr. MANION: I am not absolutely fixed in regard to the length of tenure. I think a period other than seven years, either in accordance with the suggestion of the hon. gentleman, or possibly making it five years instead of seven, is worthy of consideration, but I am not saying at the moment that I would adopt the suggestion. There is this to be remembered, that if it were changed it would disarrange the stagger system that has

been proposed in regard to the appointment of the other trustees. The intention was to appoint one for seven years, one for six and one for five, so that they would not all go out at the same time. And in that connection there may be other clauses of the bill that it would be well to have stand. I suggest that subsections 2 and 4 stand with subsection 1, for further consideration.

Subsection stands.

On section 6, subsection 3—Casual vacancies.

Mr. HEAPS: Would not subsection 3 be in the same position?

Mr. MANION: No, I think not. I think subsection 3 is all right.

Subsection agreed to.

Section 6, subsection 4—Vacancies by efflux of time.

Subsection stands.

Subsections 5 to 8 inclusive agreed to.

On section 7—Removal from office or reduction of salary.

Mr. MACKENZIE (Vancouver): I have an amendment to move. To my mind section 7 is the most vital section in the whole legislation, and there are two possible amendments that could be moved; either delete the section entirely, which would leave the removal from office of the trustees under the jurisdiction of the governor in council; or strike out the words "Senate and" which would leave the control with the House of Commons as distinct from both houses.

This section comprises in itself the features to which I mainly object in this legislation. That is it means complete abrogation and abdication of government control over these trustees. There is no control whatever over their removal or dismissal. The entire national railways of Canada are to be put in the control of three trustees and this House of Commons has not the slightest power over their removal. As pointed out last night by the hon. member for Quebec South (Mr. Power) in regard to salary, they shall not suffer any reduction in salary unless for assigned cause and on address of the Senate and the House of Commons. I interpret that to mean that if any one of the trustees objects to any reduction of salary that would bind all the trustees, and it could not be done except on address of both houses. I am aware that there is a similar provision in regard to judges and in regard to the auditor general, also I think in regard to the chief electoral officer, but I submit that the argument submitted by the Prime Minister in regard to judges cannot apply to these trustees. If we pass this section we are certainly forfeiting in perpetuity the control by this house of these trustees. Under other sections of the act they are a self-perpetuating body and under this section this House of Commons forfeits all control and ownership of our national railway. I do not think I can serve any useful purpose by elaborating the stand we have taken on this side of the house; it was emphasized on the second reading. But to my mind this section is the most objectionable of the whole legislation.

The CHAIRMAN (Mr. Gagnon): It is moved by Mr. Mackenzie (Vancouver) to amend section 7 by deleting the section entirely. I submit that this amendment is out of order.

Mr. EULER: Why?

Mr. POWER: I move to substitute number 8 for number 7 and to leave out all the words after the figure 7.

Mr. MANION: To avoid unnecessary complication and delay may I suggest that I shall be glad to have section 7 also stand. But before we do so may I just say a word? I have been informed, in fact my hon. friends on the other side have said on a number of occasions, that section 7 was not fair, in that if another government came into power and the other house should remain of the same complexion as it now is, it might refuse to acquiesce in a suggestion of the House of Commons in regard to the removal of trustees. I submit that the real answer to that is that if the trustees were good men and from some political motive it was proposed to remove them, then the other chamber would be correct in refusing to assent. If on the other hand the trustees were not worthy men, not giving good service, I believe the other chamber would gladly concur in the motion of any House of Commons to remove them. That seems to me to be the complete answer. However I am glad to let section 7 stand with the others and we will deal with it later, with the understanding that we will discuss the whole section with a view to either removing it or proving to the committee that it is advisable to leave it as it is.

Mr. MACKENZIE KING: Is there any reason for assuming that a government composed of other hon. members of parliament would not be just as honourable in their attitude towards efficient and effective trustees as any group of hon. gentlemen in another

house? It is wholly unnecessary to have a section which as it stands is a reflection upon the honourable actions of those who may be entrusted with the government of the country. After all a government is elected by the people to carry out the will of the people. I do not think any member of the House of Commons should venture to suggest that those who have been returned by the people to form an administration should be restricted in making their will effective by a group of members who are no longer directly responsible to the people.

Mr. HANSON (York-Sunbury): Let us abolish the Senate immediately then.

Mr. MACKENZIE KING: I would not object to joining with my hon. friend in an effort—

Mr. HANSON (York-Sunbury): I am not advocating that.

Mr. MACKENZIE KING: I submit that any government entrusted with office should, until something to the contrary is proven, be regarded by all members of the house, irrespective of which side they are on, as being a body of hon. gentlemen who will be governed by a full sense of their responsibility.

With regard to the possible removal of trustees who may prove themselves to be efficient may I point out that I do not think it follows that because appointments have been made by one political party, that when the other party comes into power they will necessarily remove those appointees. As the Prime Minister said yesterday, in our country it is difficult enough to find a sufficiently large number of men ready to take positions of great responsibility under the government. From their own financial point of view, many individuals can do much better in private industry than by an appointment under the crown, and it is difficult enough to obtain such persons under any circumstances. If men can be obtained as the result of conference between the parties in this house, or otherwise, who will fulfil their duties efficiently, I think any administration would be only too glad to retain their services so long as they acted impartially and fairly.

I should like to cite one case. The International Joint Commission, which deals with questions arising between this country and the United States, is a body to which representatives are appointed by Canada as well as by the United States. When the Liberal government came into office in 1921 we found three Conservative members on that commission, Mr. Magrath who used to sit in this house as a Conservative member of parliament, Sir William Hearst, who had been Conservative premier in Ontario, and Mr. Powell from New Brunswick. For several years no change was made. Towards the end of our administration, Mr. Powell tendered his resignation, largely because of his age, but up to that time no change had been made. We appointed as Mr. Powell's successor a former Liberal whip in this house, Mr. Kyte. When the present administration came into office they retained Mr. Kyte on the commission. I maintain that this is a good example of the way successive administrations may be expected to retain in these positions men who fulfil their obligations efficiently, faithfully and impartially.

So far as any possible future Liberal administration may be concerned, in connection with these trustees I should say that if gentlemen were found—and particularly if they were appointed as the result of conferences between both sides of the house—who were impartial and efficient there would not be the slightest desire to make any change. On the other hand if persons were appointed who were not persons whom we would expect to receive such appointments; if it was clear that they were appointed primarily for political reasons or if they turned out to be inefficient and partial and did not satisfactorily carry on business for which after all the government must accept responsibility, certainly we would wish to be free to make a change.

Mr. MANION: And under those circumstances I would gladly join with my right hon. friend. Let me make myself clear. I was not suggesting that my right hon. friend or his party, if they came back into power would remove these trustees because of politics; I simply said that such action might be taken by any government. However, Mr. Chairman, I would suggest that this section stand, as the others have stood.

Mr. POULIOT: Before this section stands I should like to make one brief observation. The report of the commissioners contains nothing with regard to the removal from office of the trustees. The first draft bill, dated October 27 of last year, contained this section:

> Any trustee may be removed from office at any time by the governor in council on address of the Senate and House of Commons.

In the second draft bill we find this section:

> No trustee shall be removed from office nor suffer any reduction in salary during the time for which he is appointed unless for assigned cause and on address of the Senate and House of Commons of Canada.

We have the same provision in section 7 of the present bill, the third draft, which was passed by the Senate on February 23. The government say the bill is based on the report of the commission, but that report did not mention the removal of the trustees. This was an invention of the government after that report was received, and I am glad the Minister of Railways, with his well known amiability, has agreed to let the section stand.

Section stands.

On section 8—Provincial companies re-incorporated.

Mr. MANION: I have an amendment to this section which I shall ask one of my colleagues to move in a moment. The amendment really is designed to legalize this section, if I may use that term. Section 8 as contained in the bill is not considered to be in the correct legal phraseology, and the amendment is as follows:

That section 8 be struck out and the following substituted therefor:

(1) The works of every incorporated company in Canada which is comprised in National Railways but is not incorporated by or under the law of the Dominion of Canada and which have not heretofore been declared to be works for the general advantage of Canada are hereby declared to be works for the general advantage of Canada.

(2) By force of this act, and without more, the now shareholders of every company in Canada comprised in National Railways, the works of which have been or are hereby declared to be works for the general advantage of Canada, are hereby incorporated and such incorporated company shall have the same name, directors and undertaking as the first mentioned company and may and shall act in succession thereto and continuity thereof as respects all its affairs by, under and subject to the provisions of this act.

The purpose of the amendment is this: It was suggested, for example, that we could not re-incorporate provincial companies, and that therefore the section as contained in the bill was not in proper form. There is no change whatever in the intention of the section.

Mr. POWER: Would the minister permit this amendment to stand in order that we may study it also?

Mr. MANION: I will let it stand, of course, if my hon. friend really wishes it, but I submit that there is no change at all except in the wording. The intention is the same, and we might save time if we permit it to pass. Nothing in the amendment makes any change in the intention.

Amendment agreed to.

Section as amended agreed to.

On section 9—when proclaimed direction and control to be vested in trustees.

Subsections 1 to 5 inclusive, agreed to.

On section 9, subsection 6—Approval of His Majesty or of shareholders not required.

Mr. MACKENZIE KING: If this subsection is read apart from the other provisions of the section perhaps it would be the worst of all the sections in the act, notwithstanding the fact that the last one we discussed was considered very bad. I must say that the words of the Prime Minister the other day when he interpreted the act, conveyed a different meaning from that which we on this side of the house had gathered as to the original intention of the government in the matter. As the section stands it would mean that any order, regulation, by-law, act, decision or proceeding of the trustees would not require the approval of the governor in council.

Mr. MANION: As a shareholder.

Mr. MACKENZIE KING: Unless it were interpreted very clearly it might be taken to mean that this section by itself had reference to any act of the trustees, but apparently it refers only to the acts referred to in the previous subsections. My difficulty is now with the phrasing of this subsection. If it were preceded by some words such as "As respects the provisions of this section," and then went on to say "no order, regulation, by-law, act, decision or proceeding of the trustees shall require the approval of His Majesty or that of any other shareholder of any company to which this section applies," I think that would meet the difficulty I have in mind. Without those words or the transposition of the words "to which the section applies" which appear at the end of the section, and their insertion after the word "trustees," the section is ambiguous.

Mr. MACKENZIE (Vancouver): The right hon. gentleman has suggested that the rule of ejusdem generis prevails, but I may quote the definition of that rule as given by Byrne's law dictionary, as follows:

It is a rule of legal construction that general words following an enumeration of particulars are to have their generality limited by reference to the preceding particular enumeration, and to be construed as including only all other articles of the like nature and quality.

In this case the name of His Majesty is not limited by any preceding particular but by a subsequent particular, so I do not believe the rule of ejusdem generis applies. This point was raised during the discussion of subsection 6. I think we must reverse the terminology of line 3 of the subsection in order to make this rule apply.

Mr. MANION: How would it be if we simply had the words "approval of His Majesty as a shareholder or that of any other shareholder"? Would that rectify the objection?

Mr. MACKENZIE (Vancouver): It would as far as I am concerned.

Mr. MANION: If my hon. friend will move that amendment I would have no objection.

Mr. MACKENZIE (Vancouver): I do not think the rule of ejusdem generis applies to this section as it stands at the present time.

Mr. GEARY: I agree with the Prime Minister; I think the rule certainly does apply in this case.

Mr. MANION: I do not know that it matters very much as long as we make the sentence clear. If someone will move that the wording be changed to "His Majesty as a shareholder or that of any other shareholder" or words of a similar meaning, I would have no objection.

Mr. ELLIOTT: If that change is made, and I think it should be made, the marginal note would have to be changed. The marginal note is supposed to represent what is contained in the subsection.

Mr. MANION: It could be changed to read "approval of shareholders."

Mr. POWER: The words "approval of His Majesty" should be struck out altogether.

Mr. MANION: That would not be quite correct because with regard to some railways His Majesty is a shareholder. I think we all agree upon the necessity for some change, so perhaps we had better let the section stand and have it dealt with properly.

Section stands.

On section 10, subsection 1—Chief operating officer to be president.

Subsection agreed to.

On subsection 2—Chief operating officer.

Mr. POWER: It seems to me that there should be some section in the bill to define the powers and authority of the president of the road. The bill only provides that a president is to be appointed and that he shall be responsible to the trustees and to them alone. Surely his powers should be further defined. As I understand it, the duty of the trustees will be to define the policy to be carried out in the operation of the road. I would not like to decrease the prestige of the operating officer by calling him the general manager, but we seem to be more or less upon the horns of a dilemma in this case. If we call him the general manager he might not have the necessary prestige to deal with the president of another road but, on the other hand, under the bill as it now stands he is not given any particular authority. It seems to me that the railroad expert should be given at least a free hand in the actual railway operations, leaving the deciding of general and financial policies to the trustees.

Mr. MANION: If the hon. member will look at the subsection which we have just passed he will see that the duties of the president are outlined to a certain extent. That subsection states that his authorities and duties shall be from time to time defined by by-law or resolution of the trustees. My deputy who has been a practical railway man for many years tells me that that is the usual custom followed by the railroads, that the duties of the officers are defined by by-law rather than by the act itself.

Subsection agreed to.

Section agreed to.

On section 11, subsection 1—Meetings.

Mr. ELLIOTT: Upon a previous occasion when this bill was before the house I pointed out the objections to this section which appealed very strongly to me. The section states that the trustees may decide or act at meetings only by unanimous vote or by a majority which includes the chairman. It seems to me that that is putting in the hands of the chairman practically the full power of the whole board of trustees. Where you have three trustees and nothing can be done except with the approval of one of them, you are practically rendering useless the other two. They may devote their whole energies to the business under consideration but if their decision does not meet with the approval of the chairman they are absolutely helpless. I should like to refer to this section in the light of an amendment which I moved to subsection 2 of section 4 to the effect that the three trustees should be full time men. These three trustees are to replace seventeen directors and I submit that they should be full time men. I do not think it is necessary to take up any more time of the committee in pointing out the objections to having the trustees gagged and made dummies more or less on account of not being able to originate any ideas. This section seriously curtails their efficiency, and

I do not think such curtailment is in the interests of the railway or of the people who own the railway. Therefore, I beg to move:

That subsection 2 of section 11 be struck out and the following substituted therefor:

"The trustees may decide or act at meetings only by majority vote. They or a majority may without meeting decide or act by way of minute or concurrence written and signed by them or by a majority of them. When by reason of any vacancy among them there are only two trustees, their decision, vote, minute or concurrence shall not be effective unless such decision shall be unanimous.

Since drafting this amendment I have noticed another objection which might be made to this section. Subsection 1 reads:

Meetings of the trustees may be held at such times and places as their chairman may from time to time determine.

Supposing the chairman and the other two trustees took opposite views with regard to a certain question. The other two trustees might desire to hold a meeting to consider this matter but under this subsection as it now stands the chairman would be the only one who could call a meeting or decide the time and the place at which such a meeting should take place. I think that is objectionable. On the request of any of the trustees a meeting should be called. If the amendment I have moved meets with the approval of the minister, I do not think there will be any difficulty about making that part of the section conform.

Mr. MANION: I shall probably propose that subsection 2 of section 11 stand, but before doing so I wish to pass an opinion or two on it, and I should be glad to have the opinions—as briefly as possible of course—of my hon. friends on both sides. It is a very debatable point. The hon. member was good enough yesterday to send me a copy of the proposed amendment and my officers and I gave it considerable thought this morning. I think it is well worthy of consideration, especially if it should be decided ultimately that the three trustees, for some time to come, shall be full-time men. As regards the latter part of the amendment, proposing that when, by reason of any vacancy, there are only two trustees, their decision shall not be effective unless it be unanimous, that would appear to me to be acceptable. As regards the majority vote however may I point out that, without a doubt, the idea behind this bill, the idea of those who originally framed it and of the government in concurring in it, was that if possible we should get a particularly good outstanding man to take the chairmanship; and a great many people are of the opinion that if you get the right autocrat he constitutes the best type of government. The danger of course is in getting a man of the wrong type. Generally speaking, although there is much truth in the adage about two heads being better than one, three being better than two, and so on, though not ad infinitum, I think that if you obtain one particularly able man as chairman he should be given as much freedom as possible. If a good man were obtainable as chairman, and if it were decided that the other two should be merely part-time men, it might be wiser to leave the chairman in control as indicated in the bill. If on the other hand we had three strong men devoting their whole time to their duties it might be better to have a majority vote on all occasions. However, I invite discussion of this point, although I do not want to have the bill delayed. We have been doing such splendid work that I should naturally hate to hold up progress.

Mr. POWER: In answer to the invitation of the minister I can state my position in one word: Yes, so far as I am concerned.

Mr. MALCOLM: I think the minister's decision to let subsection 2 stand is rather a good one. It must be considered in the light of what was said in connection with section 7. If the government did not take power to remove any of the trustees and left them in office for seven years, then I think this section would be very dangerous. If on the other hand the government took power to remove the trustees then subsection 2 of section 11 would be all right. I am hardly in agreement with my hon. friend (Mr. Elliott) because I believe that on the board someone after all must be boss; someone must be president of the road. If he is chosen, as he will be, I have no doubt, for his ability to supervise the system efficiently, and if his two assistants are not to be full-time men, it would seem to me an absurd situation to have part-time men dictating to a man who is devoting all his time to the system. If on the other hand they are all to be full-time men and the government is to have the right to remove them when it sees fit, then of course I believe the vote should be a straight majority vote and the government could remove any trustee who in its opinion was not performing his duty. I am not sure what the appointment of the three grain commissioners calls for in connection with the administration of the Canada Grain Act, but I am under the impression that some extra power is given to the chairman of that board. I believe that the appointments to the grain board have met with entire satisfaction. I know that

the old board, which was appointed by a preceding government, functioned satisfactorily for a great many years and was finally changed with the approval of most members of the agriculture committee. The change was made because we believed we secured a very able president in Mr. Ramsay, who had been selling agent for the pool. The present government has retained his services, which have been highly satisfactory. If you remove the personality around whom the board revolves, a man in whom you have confidence, I do not think the trustees will function as well as if he were left in charge of the whole body.

Mr. EULER: The minister has invited opinions on this matter and it is only for that reason that I rise now. I am in accord with the amendment because I am also in favour of three trustees giving full time to the work. If I remember rightly the parliamentary committee on railways and shipping recommended to parliament that there should be a smaller board and that they should give full-time services. It does not require much argument or demonstration to convince anyone that in the conduct of a business as colossal as the Canadian National Railways there is ample work for the full time of three good men, and it should go without saying that the government ought to look not only for a first class man to be chairman but for three first class men, and that they should be properly paid. If you obtain three first class men it almost follows as a matter of self respect on the part of these men that they should expect, whenever they have something to say, a majority vote to govern.

Mr. MALCOLM: In the appointment of the Board of Grain Commissioners it is provided:

> There shall be a commission to be known as the Board of Grain Commissioners for Canada, which shall consist of three commissioners appointed by the governor in council.

Section 5 reads:

> One of such commissioners shall be appointed by the governor in council as chief commissioner of the board, and he shall be entitled to hold the office of chief commissioner so long as he continues a member of the board.
>
> The chief commissioner, when present, shall preside at the meetings of the board.
>
> Two commissioners shall be a quorum; and no vacancy in the board shall impair the right of the remaining commissioners to act.

I would submit to the minister that in the Board of Grain Commissioners the majority vote of any two commissioners governs. They are all full time men, and the government has the right to dismiss them at any time.

[Mr. Malcolm.]

Mr. McGIBBON: It is only because of the minister's soliciting my advice that I rise, Mr. Chairman. I think I could make a much better speech against this bill than I could for it, but I realize that we must do something and that this is apparently the best solution at hand. I quite agree with the hon. member for North Bruce, the ex-Minister of Trade and Commerce, that in the last analysis you have to have one-man control. I am very much inclined to believe that in all emergencies you come down at last to autocratic government. You have to have decisions, and you must have a man who can make decisions. All history testifies, I think, to that fact. One need only go back to the last war and recall how we tried to run separate armies in every country with no unified command until we were almost defeated, and it was only when we finally got a single command that we got anywhere. I do not think you will get a first class man to take the chairmanship of this board of trustees if his decisions could be perpetually overruled by his two assistants. It would be simply giving him a position without any authority.

Mr. EULER: Have no assistants, then.

Mr. McGIBBON: I would put in only one man if I could get the right man.

Mr. MACKENZIE KING: That is a big "if".

Mr. McGIBBON: I grant you that that is the big problem that we have to face. It always was the problem. But I can see this difficulty, that if you have a chairman and his two assistants do not work harmoniously with him they might buck his decisions year in and year out, and the board would be unable to get anywhere. Under such circumstances one can readily see that the tenure of office of the chairman would be a fiasco.

Mr. EULER: And you could not remove his assistants.

Mr. McGIBBON: I grant that I do not like that side of it either, but I am not speaking of that now. I have already said in the house that I did not agree with that. But as I also said at that time, we have this problem on our hands; the most brilliant men in railway, legal and financial circles in the world have been studying it and have given us their advice, and I think it would be rather an insult to them if we did not give their advice a trial. I would not for a moment set up my opinion as worthy of consideration against theirs, although there are some general principles, such as the negation of responsible government and the delegating of parliamentary and governmental authority to officials over whom we

have no control, that I do not like. There are many other things in the bill that I do not like, but certainly this section is not one of them. I think the president or chairman, or whatever you wish to call him, should be held responsible by the government, and how are you going to hold him responsible if you do not give him power? If you appoint two others and take away the power of the chairman, how can you hold him responsible? I think it is the essence of the whole bill that parliament should hold the chief trustee responsible for the operation of the road, and I would certainly advise the minister not to make the other two trustees full time men. I would rather do away with them altogether. I would not have three men at all.

Mr. NICHOLSON: I want to support the hon. member for Muskoka-Ontario in the view he takes with regard to the chairman of the board of trustees. In my opinion, whatever virtue the bill may have, it will be taken entirely away if you appoint some man to be the chief executive of the Canadian National Railways to work the road out of the difficulties it is now in, and then appoint two other men who might not cooperate with him but override his decisions.

In regard to the suggestion of my hon. friend from West Middlesex in introducing his amendment that you are making stool pigeons or something of that sort of the other two trustees, that they would not be consulted and all that, there is nothing in the bill that suggests anything of the kind. The three trustees will consult with one another and discuss every problem that comes before them, and two of them, one of whom shall be the chairman, shall decide; but the chairman, the chief executive, must be one of those two. Just let me suggest to the house what took place during the term of office of Sir Henry Thornton as president of the Canadian National Railways. There was a board of directors, but will anyone suggest that after Sir Henry Thornton had brought his fist down and said, "This goes," the board of directors vetoed what he said?

Mr. EULER: How do you know?

Mr. NICHOLSON: I was not there, but I suggest that Sir Henry Thornton's word was final.

Mr. EULER: You have absolutely no authority for saying that.

Mr. NICHOLSON: It is true that I have no authority, and I have no authority for something else that I am going to say. Does anyone suggest that during the presidency of the late Sir William Van Horne or the late Lord Shaughnessy, their word was not final in directing the policy followed by the executive? The same is true with regard to any other railway or any large business organization; the president has the final word. As the hon. member for North Bruce says, there must be some final executive with authority. My suggestion would be, if it is possible to find the man—I have lost a lot of faith in supermen; we were presumed to have had a superman in charge of the Canadian National Railways from 1923 to 1930, and he may have been a superman, but he was overruled, not by his board of directors, but by politicians in many cases, as the records clearly show.

Mr. EULER: He was fired by them.

Mr. NICHOLSON: I do not know whether he was fired or not. He resigned, and I do not know if he was responsible for all that he was charged with. Some of the things one finds out from time to time indicate something else.

If the present railway situation is to be saved it can be done only by appointing a man with sufficient force, vision and executive ability to be able to dominate and control. Get the best possible advice you can for him by appointing good co-trustees, but if you impose upon him the responsibility of working the road out of its tremendous difficulties, and then appoint two other men who can veto his decisions, you are going to wreck the whole thing.

Mr. MANION: May I express to members on both sides my appreciation of their opinions as expressed? May I add that the proposal that the chairman should be of the majority in giving a decision is contained, as most members know, in section 204 of the transportation commission's report. Section 204 reads:

> A majority of the trustees should govern its decisions, subject to this qualification that the chairman must be a member of any majority.

Mr. EULER: That means nothing at all except he has complete authority.

Mr. MANION: The bill is based on the recommendations of the commission. May I again express my appreciation to all hon. gentlemen who have expressed their opinions? I would suggest that this subclause stand, and we shall deal with it as we deal with the other amendments proposed.

Subsection stands.

Section stands.

On section 12—Annual budget.

Mr. MALCOLM: Here we are up against the question whether parliament is to have any control over the moneys spent by this board of trustees, and whether parliament is even to have the right to discuss the expenditures of the national railways. I submit that the late board of directors of the national railways probably failed in one respect, and in one respect alone, and that is that out of the revenues that came in during years of prosperity they spent too large a sum in operating costs, and did not apply sufficient of the moneys earned towards a reduction of their obligations. True, under this bill the minister has provided for parliamentary or governmental control over all capital expenditures. As I understand it, the capital expenditures have to be submitted to the governor in council. But there is nothing in this measure from first to last which will prevent the trustees from spending every single dollar of revenue on operating expenses. Parliament would not have any right or authority to question extravagance in operation, if such extravagance should exist. The very action which is being taken at the present time towards eliminating the duplication of services might have to be taken again. I suggest that the only way we can keep track of the expenditure of revenues is by inserting after the word "trustees" in the second line of section 12 the words "and subject to the approval of parliament." The clause would then read:

The annual budget of National Railways shall be under the control of the trustees and subject to the approval of parliament.

Such an amendment would give us the opportunity to save the trustees from themselves.

If in the time of Sir Henry Thornton we had had more power in parliament to discuss the expenditures of the national railways, we might have saved Sir Henry Thornton from making the heavy expenditures which I doubt very much whether he was always anxious to make. I repectfully submit to the minister that in regard to these trustees governmental control should not be lost, and certainly governmental control should not be lost in respect to the revenues of the railways. Everyone realizes that in the emergency of to-day revenues are not sufficiently large to necessitate the amendment I suggest. We realize also that present conditions cannot continue. I look forward to a day five or ten years hence, probably much sooner, when tonnage will increase and our national railways will be back to the position they held in 1925, 1926 and 1927. Then no matter who the trustees may be, they will be asked for additional services, they will be requested to make all sorts of expenditures. Under the legislation as it now stands they may spend every dollar of increasing revenues on services, and the House of Commons will not have an opportunity to control expenditure of operating revenue. Therefore I suggest that clause 12 be amended by adding after the word "trustees" in the second line of the section the words "and subject to the approval of parliament."

Mr. MANION: It is possible, and even probable, that I am dense so far as the section under discussion is concerned. However I have read section 12 carefully not once but many times, and I do not draw from it the same conclusions as are drawn by the hon. member who has just taken his seat, or by some hon. members who spoke yesterday in regard to the same clause. I draw the conclusion from the clause that any expenditure of the national railways may be discussed by parliament—

Mr. MALCOLM: No, not operating expenses.

Mr. MANION: It distinctly states that amounts required for income deficits, for interest on obligations outstanding in the hands of the public,—I doubt very much if that comma should be in the section—for capital expenditures and for refunding or retirement of maturing securities, shall be submitted by the trustees to the Minister of Finance for the consideration of the governor in council prior to presentation to parliament. But what happens after that takes place? The budget is submitted to the Minister of Finance.

Mr. EULER: Only the budget for those three purposes.

Mr. MANION: And those three purposes cover practically everything.

Mr. YOUNG: No—except operating expenses.

Mr. MANION: It covers amounts required for income deficits.

Mr. MALCOLM: I must have expressed myself very badly, and if so, I apologize to the minister. I am not worrying about income deficits; my suggestion does not apply to those days, but to the time when there will be substantial income surpluses.

Mr. McGIBBON: Does the hon. member expect such a day?

Mr. MALCOLM: Yes, we had them before.

Mr. McGIBBON: We never had them under the present basis.

Mr. MALCOLM: We certainly did. My hon. friend knows that out of operating surpluses we paid interest to the public on a large percentage of the bonds.

Mr. McGIBBON: But the debt to the public was not anything then to what it is now.

Mr. MALCOLM: That is true.

Mr. MANION: Income deficit includes deficit on interest to the public.

Mr. MALCOLM: We paid it all one year.

Mr. MANION: I admit that. I shall say gladly, Mr. Chairman, that so far as I am concerned if in my time or my hon. friend's time the railways have surpluses—

Mr. MALCOLM: They will.

Mr. MANION: I hope they will. If they attain to the position where they are paying all the interest on the obligations owing to the public, in addition to operating expenses, it might well be the decision of this parliament to let the railways be run as a private corporation would be run, namely without submitting anything to parliament. I would be very happy to think that in my lifetime the railways would ever reach that position, and at such time I should gladly take that attitude. I understand now what the hon. member is speaking about, but it is so far in advance I am wondering why an amendment could not be made ten or fifteen years from now.

Mr. MALCOLM: The minister will remember when the favourable situation existed before, at which time the Minister of Justice who was then on this side of the house, and hon. members now sitting opposite, were all claiming credit for surpluses on the national railways.

Mr. MANION: The interest on the funded debt at that time was $20,000,000 less.

Mr. MALCOLM: I know that.

Mr. MANION: It was $20,000,000 less than it is to-day.

Mr. MALCOLM: By economies it is proposed to reduce expenses by from $30,000,000 to $40,000,000.

Mr. MANION: Yes, and Mr. Hungerford has stated that if the same economies had been made in 1928, the year about which my hon. friend speaks, they would have saved about $19,000,000. I still adhere to the position that if in the time of this or some other government the railways reach a position where they will be paying all the interest on their funded debt, they will be doing well.

Mr. MALCOLM: They will reach that position.

Mr. MANION: At such a time it might well be managed as a private corporation. However, I point out to my hon. friend that at the moment that is not the point at issue. In time that condition may arise, and on such occasion there would be plenty of time to amend the legislation.

Mr. MALCOLM: Amend it now.

Mr. MANION: I have no special objection—

Mr. EULER: If I may presume to say so, it seems to me that the minister and the hon. member for North Bruce are at least to some extent still at cross purposes. The minister seems to assume that the budget of the national railways, that is the operating expenses of the railways themselves without any reference to deficits, refunding of loans or capital expenditures, are within the control of the government.

Mr. MANION: No, I did not say that.

Mr. EULER: I should not like to put words in the mouth of the hon. member for North Bruce, but I believe his thought was by his amendment to provide that for the actual running expenses of the road, operating expenses, the trustees shall make up a budget in advance to be submitted to the house. I fancy that is what he intended. From the minister's remarks I do not believe he correctly understood the meaning of the amendment.

While on my feet, I regret to say I am not altogether in agreement with the hon. member for North Bruce. If we are to have good men—supermen, as the hon. member for Muskoka might say—I should like to see the national railways operated by the trustees without any interference from anybody. For a good many years I have been a member of the parliamentary committee on national railways. If we compel the trustees to come to parliament with an annual budget for the operating expenses of the road, and if you bring that budget before the members of the committee—capable and all as they may be—I would be doubtful of the results. I should like to know how many of the members of that committee know anything about railway business and could make any helpful suggestion as to whether this branch shall

spend so much, or whether that should be spent for something else. I would rather put that responsibility on the board of trustees. The reason I objected yesterday was that if they did not make a success of the road then parliament or the government should have the right to discharge them. I am not at all convinced, although my mind is not quite closed to the idea, that the board of trustees should be compelled to come to this house each year in advance with a budget of what they may need for the operating expenses of the road, because I do not think the parliamentary committee is qualified to pass upon that at all. I would say, give the trustees the responsibility. If we find that they are not doing their work properly, then I think clause 7 should be amended so that the House of Commons or the government itself can dispense with the services of the trustees.

Mr. MACKENZIE KING: The hon. member for North Waterloo (Mr. Euler) is placing, I think, undue emphasis on the words "in advance." I do not regard the amendment proposed by the ex-Minister of Trade and Commerce as meaning that the trustees shall have to come to parliament and get approval of the budget in advance.

Mr. EULER: It is no good otherwise.

Mr. MACKENZIE KING: Yes. All that is asked is that parliament approve the budget. That is, the ministry takes the responsibility of standing by the trustees that parliament has appointed. What is proposed by the amendment is simply a means of bringing before the representatives of the people a survey of the entire railway situation. The minister is proposing to put the control of this railway in the hands of three men, and give them absolute power. They may be the best businessmen in the world, they may run the railway in the most satisfactory manner, but they may be running it without regard to the needs of the different parts of the country, not through any desire not to meet the needs, but through having no comprehensive way of ascertaining them. What is parliament for? I submit that if the budget is brought here if only for the approval of parliament, it will enable members from all parts of Canada to give their views with respect to what should be done in regard to the railway situation. You do not take away from the trustees the right to have the first or the final word, but they will be afforded from the discussion a knowledge of those things which the representatives of the people wish them to consider in the management and operation of the road, and they cannot get that knowledge in any other way. If this bill goes through in its present form, and there is no opportunity for parliament to consider the budget of the railway as a whole, there will be no discussion in parliament at all with respect to anything but the deficit, or some capital expenditure; there will be no general discussion as to the needs of the country or superfluous expenditures or anything of the kind. The ex-minister is agreeable to the government leaving the control of the budget with the trustees. He does not say we want to take away the control from the trustees. He says he will leave the control of the budget to the trustees, but that when the budget, controlled by the trustees, comes to the minister he shall present it to council and later to parliament for approval and thereby accept ministerial responsibility for what the trustees are doing. In other words, what is suggested is simply maintaining responsible government. If you do not do that, you are simply setting parliament at naught for a term not merely of seven years, but forever, for these gentlemen are self-perpetuating. You are simply turning over the railway to three men to run it without any opportunity for the representatives of the people to say a word. If the choice lies between doing away with government ownership or parliament, I submit it should not be parliament that should be done away with.

As I understand the amendment proposed, it is that the trustees would make up their budget. They would say: We have been appointed for this purpose, here is our budget. Having made it, we find there is going to be a deficit, also we need for capital expenditure so much; they present their requests to the minister. The minister's interpretation is that all he brings to parliament is just the deficit or the needed capital expenditure or the securities or other features mentioned in this bill. Our contention is that these things are all related to the budget, you cannot adequately consider them apart from it. The deficit that parliament will have to meet is the result of the expenditures made on the road. To get an adequate view of what the minister is asking you have to have the budget before you. Under the amendment the railway would go ahead, carry on its operations, it might be five months after the period for which provision had been made by the budget, before they come here and get approval. What is asked is simply that at some time within the year parliament be required to give its approval of the budget. If a condition arose where it should appear that the

three men appointed have gone wild in carrying on operations, if endowed with absolute powers, they turned out to be entirely different from what the government expected, then there would be an opportunity for parliament, at least, to say that it could not approve. Surely if a situation developed to the point that parliament would find it necessary to express disapproval, the time would surely have come when a change would be necessary. That is all that is contemplated.

Mr. MANION: I agree with much that the right hon. gentleman has said, but I do not agree that parliament is without control. I submit that under sections 12, 13 and 14 parliament is in exactly the same position as it has been in the past.

Mr. MALCOLM: Which is not good enough.

Mr. MANION: Yes, I think it was good enough, if parliament had taken its position a little more seriously and independently than it did. Parliament could through its committee and through discussion in the house have criticized as they did not, many matters that should have been criticized. But the hon. member for North Bruce interrupted me when I was giving my interpretation of section 12. My interpretation of section 12 is that after the budget is submitted to the Minister of Finance—

Mr. MACKENZIE KING: But the budget is not submitted, that is the point. The budget is not submitted to the Minister of Finance.

Mr. MANION: Well, the amounts required. The needs of the railway are submitted to the Minister of Finance. The Minister of Finance cannot by any method give one cent to the Canadian National Railways without bringing it before the parliament of Canada; it has to come as an estimate, and it is the right of this house to deal with that estimate as it sees fit.

Mr. EULER: May I ask a question?

Mr. MANION: Well, I should like to finish my statement. My interpretation may be wrong, but it is this; estimates have to be submitted to this house, and when they are submitted the House of Commons may deal with them as they see fit. They may refuse to pass them. They may and should appoint a committee, as they have in the past; and the trustees will be brought before that committee. The Duff commission recommended that the officers of the railway should not be brought before the committee. With that I at least partially agree, but at any rate the trustees may be brought before the committee, and from those trustees any information desired by the committee or the house may be required. If those trustees should refuse to give the information required, then that committee could pass a resolution against the passing of the estimates, this house could refuse the estimates, and the trustees could not carry on until they got to the stage suggested by the hon. member for North Bruce, which is at least some way in the future.

Now in addition to the measure of control provided by section 12 there is section 13 which provides for the appointment of independent auditors by parliament. Let me read it:

> A continuous audit of the accounts of National Railways shall be made by independent auditors appointed annually by parliament and annually reporting to parliament in respect of their audit. Their annual report shall call attention to any matters which in their opinion require consideration or remedial action. They shall be paid by the National company such amounts as the governor in council shall from time to time approve.

Then section 14:

> The trustees shall make a report annually to parliament setting forth in a summary manner the results of their operations, any cooperative measures, plans or arrangements effected pursuant to this act, any economies or more remunerative operation thereby produced, the amounts expended on capital account in respect of the railways, works, property, facilities and services comprised in the undertakings of National Railways and such other information as appears to them to be of public interest or necessary for the information of parliament—

Mr. MALCOLM: "Appears to them to be of public interest."

Mr. MANION:

> —with relation to any situation existing at the time of such report, or as may be required from time to time by the governor in council.

The gist of my argument is that before the House of Commons passes an estimate of the Minister of Finance necessary for the supply of moneys to the Canadian National Railways, the parliament of Canada, through its committee or directly, can refuse to pass those estimates until it secures any information it may desire.

Mr. EULER: May I ask my question now on that very point? Does the minister say that it is necessary for the board of trustees to come to the Minister of Finance, and through him to the parliament of Canada, for the voting of estimates to carry on the business of the railway itself for the year? Is that his contention?

Mr. MANION: No. So far as that is concerned I will admit that it never has been done. In the past the money earned by the

railway has been handled by the directors and the management of the company, but when the matter came before the select standing committee of the house that committee could demand any information it required or desired.

Mr. EULER: That was afterwards, in dealing with the report for the previous year.

Mr. MANION: That is quite so, but I might make the same argument my hon. friend made a few moments ago. I do not think the members of this parliament are in such a position that in advance of the carrying on of a year's operation of the railway we can go into the details of operation. I do not think we should go into those details; it never has been done and I do not think it ever can be done with regard to any great utility. My contention is that so far as the parliament of Canada is concerned to-day it has the full right to check up, and the parliament of Canada will continue to have that right.

Mr. EULER: Yes, afterwards.

Mr. MANION: Yes, just exactly as it is done now. I admit that.

Mr. EULER: A moment ago I had the temerity to suggest that the minister and the hon. member for North Bruce were at cross purposes. Now perhaps I am in the same position; perhaps the minister and I are at cross purposes. Certainly, however, I understood the amendment to mean and to say that the annual budget for the operation of the road should be brought to the house in advance and endorsed by the house. If that was not the intention perhaps I am wrong; we may be in agreement after all. I should like to know if that is the meaning of the amendment.

Mr. MARCIL: I should like to bring up a small matter to show the position in which members of parliament are placed. Certain contracts are to be awarded for railway ties in a certain constituency. They are advertised; people send in tenders and finally contracts are awarded. The member of parliament asks for information from the government as to the quantity, the price, the names of the parties and so on, but he is told plainly that it is not considered in the public interest to make these facts public, and that he can be given no information. How can a member of parliament pass judgment upon a budget as to which he can get no information from the government?

Mr. MANION: I submit, Mr. Chairman, that this sort of information, and information having to do with other details of operation, is the type of information which the officers of the railway maintain should not in the public interest be given out. I do not think the members of the House of Commons should be in a position, in regard to the details of operation, to receive that information. I have expressed that opinion previously; I said so a few moments ago. I know my hon. friend did ask a question of that kind; he sent me a letter in regard to it, but I did not have the information. I may say quite frankly that so far as railway ties are concerned I have not a list, nor have I had a list this year, of the railway tie contracts which have been let. That is the attitude which has been taken by the officials of the company, and I believe in many cases, in regard to the details of operation; it is a just attitude.

Let me come back to the point from which I departed. I hope I have made myself clear, and that perhaps I have convinced my hon. friends that we are going far enough under this act in making it possible to secure all the information in regard to the operation of the national railways that parliament is properly entitled to get.

Mr. MACKENZIE KING: The minister has stressed the duty of the board of trustees to present a report to parliament. That does not mean anything at all. Every department of government and every commission appointed by the government has that obligation imposed by statute among its duties, and as a matter of course every year the different ministers table these reports and that is all there is to it. The presentation of a report to parliament does not mean anything in the way of parliamentary control. If you were to add a clause stating that the report must be approved by parliament then you would give some significance to the presentation of the report.

There is another point with regard to the wording of the section we are discussing; there is nothing in it that in any way seems to imply any kind of control. It states that the annual budget of the national railways shall come under the control of the trustees, and that is the only place the word "control" is mentioned. It is quite clear that the trustees have the control of the budget. You give them that full authority, but in doing so you are at the same time taking away the authority of the shareholders and the directors.

Mr. MANION: May I interrupt just for the sake of clarity? We are all endeavouring to clear up the matter, and I have just checked up with both the legal adviser and the deputy minister. I thought I was right, and they tell me that this is exactly the position at the

present time with regard to the annual report. It is in the hands of the directors, so there is no change whatever in this act from the procedure which is followed at the present time.

Mr. MACKENZIE KING: At present there is an obligation to present a report to parliament; that report lies there and no notice is taken of it by parliament at all unless in some way it is brought especially before one or the other houses of parliament. But it need not be brought especially before parliament unless the ministry so desires. The point I want to make clear is this: The making up of the budget of the company is to be under the control of the trustees, not under the control of parliament.

Mr. MANION: It is not under the control of parliament now.

Mr. MACKENZIE KING: No, but you are doing away with the directors altogether; you are doing away with any authority on the part of the shareholders namely the people's representatives in parliament, and you are leaving three men in complete control of the expenditures and revenues of the railway. That position is very different from the position in which any other railway in the world finds itself to-day. These three men may have the best intentions and may be the ablest men in the world, but how are they going to obtain knowledge of the needs of the country with regard to this great national system unless some persons corresponding to the directors or the shareholders have a chance to express their views? You will never get that expression of views unless in some way you bring before parliament the matters which are under the control of the board, in order to obtain the approval of parliament.

Mr. MANION: May I ask just one question, in the most sincere desire to understand my right hon. friend. I do not understand the objections he has raised. Would the right hon. gentleman tell me the difference—other than that the board will consist of three instead of seventeen—between the position in which parliament will be placed under this act and the position in which parliament finds itself to-day? That is what I cannot understand.

Mr. MALCOLM: When I rose to speak in the first place, Mr. Chairman, I said that the minister would have to consider this section along with section 7. The great difference is this: Previously we had a board of directors who were subject to the control of the governor in council. They submitted the annual report, of course; it was the budget of the railway. It did not have to be approved by parliament but each of these men was under the control of the governor in council, and if the governor in council was not satisfied with his services he could be removed. By section 7 we are removing every vestige of control possessed by the Prime Minister and his cabinet over these men; we are putting our whole system under the control of the trustees. All we ask now is that there should be inserted after the word "trustee" some provision whereby this budget would require the approval of parliament. Whether it be a review of the business of the past year in the form of a report or whether it be an advance budget I do not care—I do not know what meaning the minister put on the word "budget" when he drafted this legislation. The Prime Minister and his cabinet have given up control of the national railways by statute, and we are simply asking that at least parliament should have the approval of their annual expenditures. That is our only objection.

Probably the minister and other hon. members may think I am too optimistic, but I have every reason to hope that before very long the national railways will be back in the position they occupied in 1927. May I say to the minister, and I know other members of parliament in this house will agree with me, that the national railways are not down half as badly as most of the businesses in which many of us are engaged. We are all going to be wrecked if business does not come back. There is another point. Everyone realizes that at this moment we are on the verge of a substantial rise in commodity prices through some governmental action or else there is going to be a very serious catastrophe. As soon as commodity prices come back and as soon as the volume of business returns the interest payments of the national railways will become a much less serious problem than they are to-day, as will the interest payments of every business man who has to pay interest on bonds. During the next two or three years, some process of inflation, whether by the addition of other metal as a basis of currency, the revaluation of gold, or some other action, international in scope, may change this picture overnight and alter the whole financial position of the Canadian National and the Canadian Pacific. Let us hope it does. When the day comes when the income revenue in relation to expenditure is back to where it was in 1927, when the system is able to pay part or all of its interest to the public, let us hope that this parliament will have some control to see that

extravagances do not exist as they did in 1927. If we made a mistake before, surely we can be wise enough not to make the same mistake a second time. Probably it would be worse the next time. If the governor in council has no control over these trustees, parliament at least should have the right to review their budget. I think this section should be allowed to stand so that the two sections could be considered together.

Section stands.

On section 13, subsection 1—Continuous audit by independent auditors.

Mr. MANION: This subsection states that a continuous audit of the accounts of national railways shall be made by independent auditors appointed annually by parliament. This would mean the passing of a special act each year, and I suggest that the subsection should be changed so that the appointment would be made by resolution of parliament.

Mr. STEWART (Edmonton): Why not make it the governor in council and retain the continuity? The governor in council is the responsible party under responsible government and should take the responsibility for the trustees in the operations of the road. I suggest to the minister that he should make it governor in council and get away from the necessity of having to come to parliament every year with a resolution.

Mr. MANION: No one knows better than my hon. friend that the governor in council will propose the resolution. It has been the desire to get as far away as possible from government control. My hon. friends have made that statement, and I accede to their opinion. I do not think the matter is important enough to argue over, and if my hon. friend is satisfied, I should like to have it by resolution of parliament.

Mr. STEWART (Edmonton): The Duff report is a splendid report, but the minister will agree that outside of one or two members, that commission was made up of men who had very little experience in railway operation and practically none so far as an institution operated under the auspices of parliament is concerned. I object very strongly to taking away from the governor in council the responsibility of operating the affairs of government and the right to have supervision over men who they appoint. To be forced to hand out money without having that control seems to me to be an impossible situation.

[Mr. Malcolm.]

Mr. MANION: May I say that I appreciate the compliment to this government implied in the words of the hon. gentleman.

Mr. STEWART (Edmonton): I was referring to all governments, not to the government of my hon. friend alone.

Mr. MANION: My hon. friend's sense of humour is not quite as keen this afternoon as it usually is. I might say that we are not following out the suggestion of the royal commission. According to my recollection, the suggestion of the commission was that a panel containing a list of auditing firms should be submitted by the trustees. After all, the trustees are the people who are being audited and those who drew up this bill decided that that suggestion could not be followed. It was suggested, therefore, that the auditors should be appointed by parliament. I do not think it is worth while wasting time over this matter and if hon. gentlemen do not object, I should like to retain this subsection with my suggested amendment.

Mr. ELLIOTT: A moment ago the minister suggested that there would be some benefit in the annual reports made by the auditors through their calling attention to matters which in their opinion required consideration or remedial action. Does the minister suggest that the auditors will have the power under this clause to call attention to matters other than those connected with the audit?

Mr. MANION: Yes, I should think they would have the right to call attention to anything which they thought was not in proper order.

Mr. ELLIOTT: I suggest that this section refers only to the audit and not to matters of railway management or of any other kind. I do not think the minister should count upon that as a protection against anything.

Mr. MANION: In the past the auditors did nothing except audit the accounts in the ordinary way and this section is included in the bill in the hope that the auditors will report anything which they think to be unwise in the operations of the road. The present auditing firm is Touche and Company, and I remember discussing this matter with their representative, Mr. Matthews. I asked him if it would not be possible to include in the annual report reference to such matters as it is expected this subsection will cover. He said that that was impossible because they were not empowered to do so. The intention of this section is to empower

the auditors to report upon irregularities of any kind. I do not think the subsection will do any harm and it may bring about the curing of irregularities which have developed on other occasions.

Sir EUGENE FISET: I agree absolutely with everything the minister has said. This section is carrying out the recommendation made in the past by the railway committee. I was one of those who recommended strongly that an independent audit should be made, and I agree entirely with the provisions of section 13.

Mr. McGIBBON: I think provision should be made for changing the auditors.

Mr. MANION: That is to be done every year.

Mr. McGIBBON: To change the firm of auditors. It is very important that the firm of auditors should be changed quite frequently.

Mr. MANION: That is why this action is to be taken from year to year. If the government of the day thinks it desirable to make a change, a change can be made.

Mr. McGIBBON: I think parliament should say that they shall be changed. A year ago I had the privilege of reviewing some of these accounts, and while I do not wish to go into the matter at all, I say quite fearlessly that the audit was absolutely useless. Parliament should lay down a rule that the firm of auditors should be changed every two or three years. I think that would be found to work out in the interests of the railways and of parliament.

Mr. MANION: While I agree that if there is any reason for changing auditors, it should be done, at the same time my hon. friend should remember that the auditing of the Canadian National Railways accounts is a huge job which requires special training and the following of a complicated set of rules. The auditing requires very elaborate work on the part of the particular firm that is doing the auditing, and unless there is good reason for a change, I do not think it would be wise for any government to change the auditors every year. The new auditors would have to learn the very complicated and elaborate system of accounting which is used, and I do not think a yearly change would be practicable.

Mr. ARTHURS: You might trade with the Canadian Pacific every other year.

Mr. MANION: My hon. friend mentions the Canadian Pacific. I do not think the Canadian Pacific or any other big company changes its auditors yearly. I agree that if there were any reason for the change it could be made, and that is why it is proposed that the auditors shall be appointed annually, to give an opportunity for making the change if necessary. I think however it would be better to retain the same auditors so long as they were satisfactory.

Mr. EULER: I should like to support what the minister has said. I cannot agree with the hon. member for Muskoka-Ontario that the auditors should be changed every year.

Mr. McGIBBON: I did not say every year, but every few years.

Mr. EULER: In a modest way I have had something to do with auditing in my own day, and I know that in a business so extensive as the Canadian National Railways it will take a new firm of auditors, no matter how competent they may be, a considerable time to accustom themselves to the way the books are kept. If therefore the same auditors were kept on it would save a good deal of time in subsequent audits. If it be true that the firm of auditors now employed by the Canadian National Railways is not fit for the job, then I agree—

Mr. McGIBBON: I did not say that; please quote me correctly.

Mr. EULER: I understood the hon. member to say that the audit was no good.

Mr. McGIBBON: That is different from criticizing the firm.

Mr. EULER: Then I will take the exact words the hon. member used. If it is thought desirable to obtain better auditors than those now engaged a change should be made; but once you have obtained a good firm I do submit that they should be retained so long as they are satisfactory. If a firm of auditors are appointed and they know that in the succeeding year their services will be dispensed with, I should be inclined to think, since they are human, that their work would be apt to be not quite so satisfactory for that one year as if they knew that their services would be continued from year to year. It is perfectly evident that if a man knows that he is going to be out of the job next year he is not likely to do as good work as if he were assured of being continued in office.

Mr. McGIBBON: He would feel that he would have to be a great deal more efficient.

Mr. DURANLEAU: I move that section 13, subsection 1, be amended by adding the words "resolution of" after the word "by" in line five.

Mr. POWER: What is meant by "resolution of parliament"? Does it mean the House of Commons? I have heard the Prime Minister express himself in regard to king, lords and commons; I wonder whether this has reference to king, lords or commons.

Mr. STEWART (Edmonton): Does it mean both houses?

Mr. MANION: I do not know whether such a resolution would come before both houses.

Mr. POWER: The Prime Minister and the hon. member for Temiscouata are both out; we have no constitutional lawyers.

Mr. ARTHURS: The hon. member for Muskoka-Ontario in referring to the audit of the accounts of the Canadian National Railways had in mind the auditors appointed by parliament. It is well known to any man who has had any connection with either the Canadian Pacific Railway or the Canadian National that they have their own auditors to go into small accounts, and that is what the hon. member for North Waterloo has reference to. Obviously it would be impossible for a firm of auditors to go into the minute details with regard to every station and agency of the railway; they simply go into the larger items. There is a good deal of merit in the proposition put forward by the hon. member for Muskoka-Ontario. If the reports are, shall we say, more or less carelessly prepared and if nothing is brought to the attention of the minister or of parliament during the course of a year or two, any business man would naturally think that the firm were not doing their duty as it should be done, because undoubtedly in any large business of this kind there arise matters of great importance that should be called to the attention of the minister or of this house.

Mr. STEWART (Edmonton): But the Minister of Railways entirely disappears here. This is all under the supervision of the Minister of Finance, and it seems to me a very serious mistake to call upon parliament to provide funds to run this huge system without having a responsible minister in charge. That is why I am so insistent that the governor in council shall retain control. I think it is a very serious mistake to dispense with the services of the Minister of Railways, who gives his whole time to looking after railway activities. Surely the national system is of sufficient importance to demand the services of one minister, whatever government may be in power. Here we are handing over to the autocratic control of a board of three men, however efficient they may be, entire charge of the money we are forced to vote. I am opposed to this whole business of removing control from a minister of railways and from the governor in council and handing over such control as is provided for in this act to a group of three trustees who can be removed, not by the governor in council but by a joint address of the two houses of parliament. The amendment which the minister is proposing is putting the auditors in exactly the same position. I want to see the auditors under the control of the governor in council. If there is to be no minister then let them be under the control of the governor in council. I will vote against the section.

Mr. ARTHURS: If the hon. member will read section 13 he will see that in this instance his argument does not hold. The report of the auditors shall be to parliament:

> A continuous audit of the accounts of National Railways shall be made by independent auditors appointed annually by parliament and annually reporting to parliament in respect of their audit. Their annual report shall call attention to any matters which in their opinion require consideration or remedial action. . . .

In this particular case the control lies with parliament so far as the auditors are concerned.

Mr. STEWART (Edmonton): I am not speaking of that. I am referring to the hiring and the control of the auditors, and not to what they shall report to parliament. What I am talking about is the authority to hire and control them, and that I say should rest in the governor in council. That is my contention. So far as the reports are concerned, certainly they should be made to parliament; parliament is entitled to have them. As regards employing and controlling them, however, that should rest in the governor in council.

Mr. ARTHURS: The amendment proposed by the minister is to the effect that they shall be appointed by resolution of parliament. Whenever a resolution is introduced involving the expenditure of public money it must come from the governor in council or from the government, which amounts to the same thing. That answers the hon. gentleman's argument.

Mr. STEWART (Edmonton): It does not answer my argument, which I want to get over clearly. My objection is that running through this whole bill is the withdrawal of

control from the governor in council and placing it in the hands of three trustees who are going to spend at their own free will the money which this parliament is going to be forced to vote. That is what this legislation is doing, and that is what I want to prevent if I can, not because the present government is in office but with regard to any government. We look to the Minister of Railways and to the governor in council, and we make our criticism of them. We are going to appoint the trustees, but under this bill the governor in council cannot even fire them. It needs a resolution passed by both houses of parliament to fire them. Further, after the first trustees are appointed, future selections are to be made from a panel not chosen by the government at all, but from a list of eight names presented to them. If we are going to have responsible government at all in connection with the national railways or anything else, responsibility must rest in the governor in council. I think the governor in council should be able to appoint whom they will, and if they are not satisfied with their appointments fire them in the same way. Under this bill the governor in council is not going to hire and fire these men at will. They can only be fired after a resolution has been passed by both houses of parliament. I am opposed to the whole procedure in so far as it removes responsibility from the governor in council.

Mr. MALCOLM: Does the minister realize the anomaly in section 13? This bill is prepared to give the management of the national railways to a board of trustees. That is the whole purpose of the bill. Every clause of it indicates that the actual management shall rest with the judgment of the trustees appointed. But section 13 reads:

A continuous audit of the accounts of National Railways shall be made by independent auditors appointed annually by parliament and annually reporting to parliament in respect of their audit. Their annual report shall call attention to any matters which in their opinion require consideration or remedial action.

If that is not the finest contradiction in terms, I should like to know what is. The auditors are supposed to suggest to parliament what should be done to correct the situation on the national railways, and you are appointing a board of trustees for that very purpose.

Mr. MANION: It is a check on the board of trustees. There is at the present time that check on the board of directors. We have a firm of auditors, Touche and Company, who do exactly that same type of auditing. They do not report to parliament but to the minister, and through him to the government. The group to be appointed under this section would do exactly the same type of auditing. It is true that we are giving the trustees very great powers under this bill, possibly too great a power in the opinion of some hon. gentlemen, but the auditors will have to report to parliament, because parliament has to vote these huge sums of money, and in that way parliament will get a report on the carrying on of the business of the national railways in much the same way as is done now, except that this report will be made to parliament instead of through the minister to the government.

Mr. MALCOLM: That is not the situation. The job of a set of auditors is to audit the financial business that has been transacted by a firm during the year. The policy of the business rests entirely with the management or the directorate, or in this case with the trustees for the government. It is not the place or the business of auditors to tell a company whose business they are auditing how the business should be run, but this bill says that the auditors can call attention to any matter which in their opinion requires consideration or remedial action. In my opinion it is an absurdity. That is not the duty of auditors. That provision is a straight contradiction of the powers you are vesting in your trustees.

Mr. MANION: I thought that this had carried, Mr. Chairman. The auditors will be in exactly the same position as the auditors are in to-day. The railway has a firm of auditors of its own which does the ordinary auditing of the railway, and in addition Touche and Company audit for the Minister of Railways, and through him for the government. This proposed group simply takes the place of Touche and Company.

Section agreed to.

On section 14—Annual report to parliament.

Mr. MANION: There is a slight amendment to be made to this clause. It does not change the meaning at all, but makes the section a little clearer. It is proposed to strike out the words between "respect" in line 21 and "of" in line 23. That eliminates the words "of the railways, works, property, facilities and services comprised in the undertakings."

Mr. GEARY: I move accordingly, Mr. Chairman.

Mr. EULER: I presume it is the intention of the government that the board of trustees shall submit to parliament a financial statement somewhat similar to the statement which we receive annually. If that is the intention, it is not made clear in the section as it stands, and that is why I rise to speak of it. It should be made very clear that the statement shall be a financial statement of receipts and expenditures, and so on.

Mr. MANION: There is no thought of making any change in the statement.

Mr. EULER: But the clause does not say it shall be a financial statement of receipts and expenditures.

Mr. MANION: That will be understood.

Mr. YOUNG: The trustees and management of this road are supposed to be free from political influence. Is it the intention of parliament that the trustees or president or whoever does the purchasing for the road shall be free to make purchases wherever they can to the best advantage, or is it intended still to exercise political pressure to force the road to buy Canadian made goods?

Mr. MANION: The hon. gentleman was good enough to write me a letter, which unfortunately I received only this morning, advising me that he was going to bring up this subject and that he required a good deal of information. On receiving his letter I immediately had my officers at work gathering the information he required, but it cannot possibly be presented until to-morrow, and as we are now within half an hour of six o'clock and there will be plenty of opportunity to discuss the matter on any other clause, perhaps my hon. friend would postpone his questioning until to-morrow. So far as I am concerned he can bring the matter up on any other clause to-morrow.

Mr. YOUNG: I am quite agreeable.

Amendment agreed to.

Subsection as amended agreed to.

On section 14, subsection 2—Routing of export freight through Canadian seaports.

Mr. YOUNG: This clause directs the trustees to route freight destined for export by sea through Canadian seaports. May I ask at whose request this provision was inserted?

Mr. MANION: I do not know that I could say at whose request it was done, but it was inserted for the purpose of ensuring that so far as possible Canadian traffic would go out through Canadian ports, both east and west, wherever the opportunity exists to route it that way.

Mr. MALCOLM: I think it would be very much wiser if the minister deleted the clause and accomplished his object without making it statutory. It may be only provocative as it stands.

Mr. YOUNG: Will this clause apply to freight enjoying the benefit of the Maritime Freight Rates Act?

Mr. MANION: Speaking from memory, that act does not apply to freight going into the maritimes but to freight coming out of the maritimes; so this provision would not apply to freight going into the maritimes.

Sir EUGENE FISET: I think the minister is wrong. I think the Maritime Freight Rates Act applies to freight going both ways.

Mr. MANION: I may be wrong, because I am speaking from memory, but in my view the chief purpose of the Maritime Freight Rates Act is to permit the products of the maritimes to be brought more cheaply to the centre of Canada. Another implied purpose is to prevent the products of central Canada being carried so cheaply as to compete with the products of the maritimes. I am speaking subject to correction, but I believe I am correct.

Mr. ILSLEY: The minister is right.

Mr. MANION: The hon. member for Hants-Kings supports me, and I am content.

Mr. MALCOLM: The clause means nothing. The shipper has a right to direct his freight, and in my view this is a provocative clause which should not be in the bill and should be deleted.

Mr. MANION: I think probably there is ground for the argument of the hon. member. At the same time it was the desire of some of the maritime representatives that the clause be put in. If as the hon. member suggests it is simply redundancy, it can do no particular harm.

Mr. EULER: I do not agree that the clause means nothing, because while under the clause the shipper is still permitted to route his freight as he wishes, he has no particular concern as to whether it goes through a Canadian or foreign port, provided the rate is the same. With regard to wheat at least, I understand the rate from Montreal to Halifax, a distance of 800 miles, is exactly the same as from Montreal to Portland, a distance of only

about 300 miles. The shipper will no doubt be perfectly indifferent as to which way the wheat moves out, because whichever course is taken the cost to him is exactly the same. I would say however that it costs the national railways a good deal more to haul a bushel of wheat 800 miles than it does to haul it 300 miles, and I do not believe they should be placed under that handicap. That is my reason for opposing the clause.

Mr. MANION: They will be placed under that handicap, if at all, only in the case of grain or any other commodity that has not been routed by the shipper. As the hon. member for North Bruce has pointed out, where the shipper states it must be routed via Portland or New York, it will not be affected by this clause. The clause would apply only in cases where the commodity has not been routed by the shipper. In the great majority of cases no doubt the shipper will choose the route, as the hon. member for North Bruce suggests. It might be pointed out that to-day, without any legislation of the kind suggested, both railway companies make the rate not from Montreal, as the hon. member suggested, but from the Georgian bay ports to Halifax and St. John the same as the rate on the American side from Buffalo to New York in order to get some of the traffic. Since that is being done, no injustice would be done by leaving the clause in.

Mr. EULER: I would say probably the shipper is quite indifferent as to which way the grain goes, because the rate is just the same, and naturally the outcome will be that it will go through a Canadian port and act as a considerable handicap to the railway. The railways are put to a greater expense than should be necessary. I am speaking in the interests of the railways.

Mr. GEARY: I suppose the hon. member would like the clause to be put in in the other form, so that the traffic will not be run through Canadian ports.

Mr. EULER: Keep the clause out altogether.

Mr. MALCOLM: The remark of the hon. member from Toronto was quite uncalled for, and only goes to show that he does not understand the situation at all. He knows as well as I do, and so does the minister—probably the less said about it in the House of Commons, the better—that we are operating a system known as the Grand Trunk Western, which was the old Chicago-Portland. It was the best system on the continent for moving fast freight from Chicago to the Atlantic seaboard. He knows that the Canadian National Railways get a tremendous tonnage from the United States which is shipped through Canadian ports. My one reason in saying to the minister that the clause should be deleted is to help the maritime provinces. The minute you put the proposed section into legislation you have the Chicago packer saying, "All my beef has to go through Halifax and Saint John, and cannot go through Portland; we will send it via the New York Central, and let it go through the port of New York." The less said about this the better, and I believe the minister agrees with me.

Mr. POWER: Although I shall come in for some severe criticism in my own home bailiwick, which I think generally speaking has been strongly and perhaps sometimes injudiciously in favour of special treatment as a Canadian seaport, I must add my voice to that of other hon. members on this side and object to the insertion of any such section. It appears to me that in this instance we are inserting a clause in the bill which bears all the evidence of what might be called political or sectional pressure. Ever since we began to speak about this legislation we have said that the esential object of it was to get away from political and sectional pressure. We are considering a section which would mean that the railways would have to go to considerable expense in carrying freight long distances so that such freight could go through Canadian seaports. We are in a time of emergency and crisis. As I have already said, the observations I am now making may create unfavourable reaction in the city of Quebec. I submit that since we are trying to do something to save the railroads and to operate them more cheaply, although the minister may have all the good will in the world toward Canadian seaports and the maritime provinces, he would be most unwise if in the legislation he were to insert any clause or section which could be taken as an indication that he has submitted to sectional pressure.

Mr. YOUNG: The clause must have been put in for a purpose, and no doubt the purpose was to divert traffic over a more expensive routing, when in ordinary circumstances it might go over a cheaper one. Whether or not the railway company carries the traffic at the same freight rate, someone has to pay for that extra work. If the railway company comes before this parliament every year asking for moneys to meet deficits, part of those deficits will be created because they are hauling freight 500 miles further than they should haul it, and are receiving no additional revenue for that extra work. The loss will

have to be made up by the taxpayers of Canada. Everybody knows that in the future whatever is left of international trade will go to the country which can put its products on the world market at the cheapest price. Every cent we add to the cost of putting our goods on the world market will tend to keep them out of that market. The additional cost of hauling our products 500 miles farther to get them to a seaport will be added some way or another, directly or indirectly, to the price of the goods we export. The result will be that because of this particular clause we will be in an inferior and less favourable position when it comes to getting our goods on the world market. If we believe we can add to the revenues of the ports, or add to the prosperity of Canada by compelling our railways to haul freight an extra 500 miles for the same price, could we not go still farther and make them haul it an extra 5,000 miles? Would it not be advisable to put in a clause insisting that all freight originating in eastern Canada and destined for ports beyond the seas be hauled across the continent and shipped from Vancouver, and that all trade originating in western Canada destined for overseas be hauled across the continent and shipped out from the martime ports? Then we would be hauling our freight over the country before we shipped it. No doubt we would be giving employment to railway men, but it would not be good business. The clause before us is forcing the railways to do an uneconomic act at a time when uneconomic acts cannot be done with impunity. I object to the clause, and suggest that it be stricken out.

Mr. MOTHERWELL: Give the freight a joy ride.

The CHAIRMAN (Mr. Gagnon): Shall the section carry?

Some hon. MEMBERS: Carried.

Mr. YOUNG: No, it is not carried. I move it be stricken out.

The CHAIRMAN (Mr. Gagnon): The amendment is out of order. The hon. member may vote against the section, if he wishes. Shall the section carry?

Section agreed to.

On section 15—Reports to parliament through the Minister of Railways.

Mr. BURY: May I suggest that the title "the Minister of Railways" should be "the Minister of Railways and Canals?" If that is correct I would move that the amendment be made.

[Mr. Young.]

Sir EUGENE FISET: May I ask the minister if this is really the only power he retains as Minister of Railways and Canals?

Mr. MANION: Quite possible, Mr. Chairman. The possible loss of power by the Minister of Railways has been worrying my hon. friends opposite a good deal. I know they are not worrying about me, but they are considering that in the future they may have a Minister of Railways of their own. However, may I say in all seriousness that if this bill is going to do what we hope it will, bring about a better condition and more economical operation of the Canadian National Railways, saving the people of this country immense sums of money, I do not mind particularly whether it wipes out my duties or not. I have no apology to make for the work I have done as Minister of Railways and Canals. I am not particularly modest ordinarily, yet I have not claimed that I have done anything out of the ordinary as minister; nor am I ashamed of what I have done. But if this bill means economies in public expenditure, though it affects incidentally any functions of mine, I am quite agreeable.

Amendment agreed to.

Section as amended agreed to.

On section 16—Cooperative measures, plans and arrangements by C.N.R. and C.P.R.

Mr. HEENAN: If the minister will turn to page 9 he will find where the railroad companies are directed to agree to certain operations. At line 11:

> They are further directed that whenever they shall so agree they shall endeavour to provide, as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National Railways and Pacific Railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

I believe this is intended as a sincere attempt to apportion the employment between the men of the two companies. But how can that be done? Is it to be done by the trustees or the management themselves? Have the employees representatives anything to do with it? Will it be by seniority, or age, or fitness? If a train is cut off or works closed around Montreal or Halifax, if for instance, the Canadian National close works or cut off a train around Halifax or Montreal, and the Canadian Pacific do something similar around Winnipeg, how is the employment going to be apportioned? We have on our railroads, as the minister knows, seniority in districts. For instance there might be three groups of men, the

Canadian National, the old Grand Trunk—they have their own seniority—the Canadian Northern and the Canadian Pacific. How would it be possible to dovetail these men in in proportion to the amount of work left to be done? It is almost impossible. But there is nothing in this act providing for any consultation with the representatives of the employees. I think the minister might well consider that.

I have here an amendment to offer for the purpose of assisting in the carrying out of the purpose of this section:

That there be added after the word "arrangement" at the end of subsection (1) the following words:

"But in no event shall such measure, plan or arrangement become operative until the representatives of the employees affected have been given sixty days' notice."

I do not object to the minister or his legal advisers changing these words in any way so long as what I have in mind is carried out.

I believe that when a company come to the point of making these mergers or giving running rights or closing shops or yards, they will very likely say to the representatives of the employees: Now we will want so many men. We had 200 men before, we will now require only 100, you give us these men according to your own rules and regulations. But there is no provision whatever for that in the bill. It simply directs that the railroad company shall do this, without any provision for consultation with the men's representatives. Without that it is simply impossible to cooperate.

I would also point out why I would like to see that sixty days' notice provided for. Take for example the trains that were taken off between Ottawa and Toronto and Toronto and Montreal; the men interested or their representatives were given practically a moment's notice. So this amendment I propose is not costing the companies anything, it is simply a method of carrying on as they have been doing for the last fifty years.

Mr. MANION: Mr. Chairman, I submit with all respect that the proposed amendment is not at all necessary, because both railway companies have agreements with the unions, and as far as rearrangement of the employees is concerned they could not do it without consultation with the heads of the unions. This provision, I am informed, was suggested by some of the labour representatives in the other chamber, and the purpose was this: suppose it were decided that the Canadian Pacific would give up service on a certain branch line, and running rights were taken over a Canadian National branch line to serve the same territory, or something akin to that, it would not be fair that all the men on one railway should be retained in their positions and those on the other railway should lose theirs. The endeavour was that employment should be so rearranged that in any case where abandonment of service took place or a joint service was arranged or anything of the sort, the men on the two railways should be treated fairly. I do not believe there is any possibility of these rearrangements being made without the very thing being done that the hon. gentleman suggests, consultation with the heads of the unions, because as he knows better than I, both railways have agreements with the different running trades and groups of employees. These agreements will not become null and void because of any cooperative measures; the companies will have to live up to them under any rearrangement. So I submit with all respect, and with no particular desire to oppose the amendment, that it is not required, and that the clause in the act is quite sufficient to carry out the proposal brought forward by the hon. gentleman and suggested in the other chamber when the bill was under consideration there.

Mr. HEENAN: I just want to point out to the minister that I have not offered this amendment without grave thought and consultation with others. It is true that the different organizations on the railways hold agreements with the railway companies, but they have no agreements covering a case such as this. So far as I know no organization has an agreement covering the event of running rights being granted over another railroad or the merging of the shops of two or perhaps three lines, such as the old Canadian Northern, the Grand Trunk and the Canadian Pacific. I entirely agree that it would be impossible to work this out except by consultation with the men, but the minister will observe that there is nothing in the act saying that consultation must take place. The act simply provides that the companies shall endeavour to do so and so. The very fact that these trains were taken off between Montreal and Toronto and Ottawa and Toronto without consulting the men shows that the railways are not giving as much consideration to the men as has been the case in the past.

Mr. MANION: May I point out to my hon. friend what he may remember, though it does not concern the railway on which he is employed, that when the Canadian National coordinated the different lines, the old Canadian Northern, the Intercolonial, the Grand Trunk and so on, they were confronted with the same difficulty. By an arrangement called

the Montreal agreement, with which I am sure my hon. friend is familiar, it was arranged that the men would be taken care of so far as possible in a fair and equitable manner. I have no doubt that in whatever rearrangement may take place the railways will endeavour to follow along the lines of the Montreal agreement. I know quite well that this agreement has met with a great deal of opposition from certain men who felt that they were unfairly dealt with, but on the whole it was agreed to as the best arrangement that could be made. It is suggested that if a sixty day notice were inserted it might interfere with the working out of the plan. I hope my hon. friend will think it over; it is almost six o'clock, and I am going to suggest that this clause also stand. Before we rise, however, I should like to ask anyone else who may have an amendment to suggest with regard to section 16 to bring forward that amendment before six o'clock. To carry out that suggestion I will read an amendment which will be moved as subsection (4). It is as follows:

Where the execution or carrying out of such a measure, plan or arrangement involves the doing of any act which by any statute requires the leave, sanction, assent or approval of the Board of Railway Commissioners for Canada, then, except where otherwise provided in this act, the approval of the said board shall be obtained.

That amendment is entirely in line with what we have suggested, and with some of the suggestions of hon. gentlemen opposite as well. I may add, however, that it was decided upon before those suggestions were made.

Mr. MACKENZIE KING: It is in line with what we have been pressing for.

Mr. MANION: That is quite true; I will divide the honours with my right hon. friend, but at all events it was decided upon before those suggestions were made. If any other members have amendments I should like them to be presented now, so that we may have time to think them over.

Mr. HEENAN: I appreciate the kindness of the minister in letting this section stand, but I want to point out to him again so that he may read it in Hansard that the problem to which he referred in connection with the Montreal agreement, of which I have quite full knowledge, was in connection with one set of employees holding seniority on one road. The problem is complicated now by the fact that there are two different railways, and I think the minister will find that my amendment should be accepted.

[Mr. Manion.]

Mr. NICHOLSON: I have no amendment to propose but in connection with the one suggested by the hon. member for Kenora-Rainy River I believe a study of the section itself, with all that is involved, will lead my hon. friend to the conclusion that his amendment will need to go much further than it goes at present. I have not time to discuss the matter fully before six o'clock, but with the general agreements that were prevailing between the railway companies and their employees, with the difference in the agreements between one road and its employees and another road and its employees, which in some cases is very substantial, with the agreement extending over a very wide territory in some lines and a small territory in others, I think this will have to be given very careful consideration if the rights of the employees are to be protected. I cannot pursue this question further this evening, but I think the amendment will have to go further.

Section stands.

Progress reported.

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

Thursday, April 20, 1933

The house met at three o'clock.

COMPANIES AND CREDITORS

BILL TO FACILITATE COMPROMISES AND ARRANGEMENTS IN CASES OF INSOLVENCY

Hon. C. H. CAHAN (Secretary of State) moved for leave to introduce Bill No. 77, to facilitate compromises and arrangements between companies and their creditors.

He said: Mr. Speaker, at the present time any company in Canada, whether it be organized under the laws of the Dominion of Canada or under the laws of any of the provinces of Canada, which becomes bankrupt or insolvent is thereby brought under either the Bankruptcy Act or the Winding-up Act. These acts provide for the liquidation of the company under a trustee in bankruptcy in the one case and under a liquidator in the other, and the almost inevitable result is that the organization of the company is entirely disrupted, its good-will depreciated and ultimately lost, and the balance of the assets sold by the trustees or the liquidator for whatever they will bring. There is no mode or method under our laws whereby the creditors of a

company may be brought into court and permitted by amicable agreement between themselves to arrange for a settlement or compromise of the debts of the company in such a way as to permit the company effectively to continue its business by its reorganization. Sections 144 and 145 of the Companies Act of Canada provide that the shareholders of a company may meet to adjust the relationship between classes of shares in the company. Several of the provincial acts also contain provisions whereby the shareholders may meet to make compromises and arrangements between the shareholders. Under the British North America Act, bankruptcy and insolvency fall exclusively within the legislative jurisdiction of the parliament of Canada.

At the present time some legal method of making arrangements and compromises between creditors and companies is perhaps more necessary because of the prevailing commercial and industrial depression, and it was thought by the government that we should adopt some method whereby compromises might be carried into effect under the supervision of the courts without utterly destroying the company or its organization, without loss of good-will and without forcing the improvident sale of its assets. Therefore, we have studied carefully the provisions of the English Companies Act of 1929. This act contains a provision to permit such compromises and arrangements with creditors and I should like to read section 153 of that act upon which this bill is based. It reads:

153.—(1) Where a compromise or arrangement is proposed between a company and its creditors or any class of them, or between the company and its members or any class of them, the court may, on the application in a summary way of the company or of any creditor or member of the company, or, in the case of a company being wound up, of the liquidator, order a meeting of the creditors or class of creditors, or of the members of the company or class of members, as the case may be, to be summoned in such manner as the court directs.

(2) If a majority in number representing three-fourths in value of the creditors or class of creditors, or members or class of members, as the case may be, present and voting either in person or by proxy at the meeting, agree to any compromise or arrangement, the compromise or arrangement shall, if sanctioned by the court, be binding on all the creditors or the class of creditors, or on the members or class of members, as the case may be, and also on the company or, in the case of a company in the course of being wound up, on the liquidator and contributories of the company.

In attempting to draft an act which will certainly be within the legislative competence of the parliament of Canada we felt that we should not seemingly entrench upon provincial jurisdiction so far as to provide for compromises between classes of shareholders of provincial companies, and therefore we have provided in this bill, which I am about to introduce, that the provincial law shall apply in respect of provincial companies in so far the the compromise may affect the shareholders, but we provide also for the convening of a meeting of creditors of any company which is bankrupt or insolvent under supervision of the court, so that, if possible, an amicable compromise or arrangement may be arrived at; and, in so far as such compromise or arrangement may necessitate with respect to provincial companies compromises or arrangements between classes of shareholders we have authorized the court to proceed conjointly under this proposed act and the provincial acts for the purpose of convening meetings of shareholders or classes of shareholders.

The bill as drafted is quite simple. It seems to the government very necessary that such a measure should be introduced, and I commend it to the careful consideration of the members of the house.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

DISMISSAL OF POSTMASTERS

Mr. POULIOT:

1. How many postmasters have been dismissed for political partisanship (a) in the province of Quebec; (b) in all other sections of the country, since November 1, 1932?

2. How many of these postmasters have been replaced temporarily or permanently by a person who had lodged a complaint or given evidence against them?

Mr. SAUVE:

1. (a) 17; (b) 16.

2. 10.

QUESTION PASSED AS ORDER FOR RETURN

ALBERTA POST OFFICES—REVENUE

Mr. LUCAS:

1. What was the total revenue for each of the past five years from post offices at the following points in Alberta, Banff, Camrose, Drumheller, Lethbridge, Medicine Hat, Red Deer, and Wetaskiwin?

2. What remuneration did postmasters receive at each of the above points, for said years, by way of a cash salary?

3. Where postmasters did not receive a cash salary, what remuneration did they receive at each of said points, by way of total commissions, box rents, or any other form of remuneration allowed by the department for each of said years?

4. Does the government supply buildings, office equipment, including postal boxes, etc., at each of above points?
5. How many assistants were employed at each of said points, for each of above years?
6. Who pays said assistants?
7. What salary do they receive?
8. What salary is paid to the postmasters at Calgary and Edmonton?

THE GOLD STANDARD

On the orders of the day:

Mr. WILLIAM IRVINE (Wetaskiwin): I should like to ask the Minister of Finance if, in view of what transpired in the United States yesterday and to-day in regard to the gold basis, we may hope that the government may change its policy in the very near future in regard to the gold basis, managed currency, and the control and expansion of credit.

Hon. E. N. RHODES (Minister of Finance): If I were to make any reply offhand, it would be to say that the situation referred to by my hon. friend is rather a vindication of the attitude which has been taken by the government heretofore.

CANADA SHIPPING ACT

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): May I ask the Minister of Marine if the government intends to introduce the Shipping Act in whole or in part during the present session?

Hon. ALFRED DURANLEAU (Minister of Marine): I understand that some amendments may be brought before the Senate and the house before the end of the session, but the revision of the whole act has been postponed until next session.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Will there be an opportunity given next year for the house itself before a special committee to investigate the provisions of the bill?

Mr. DURANLEAU: I cannot say at this session just exactly what will take place next session.

Mr. NEILL: Will the shipping bill to be introduced deal with coastal certificates?

Mr. DURANLEAU: Does my hon. friend refer to amendments to the Shipping Act?

Mr. NEILL: Yes.

Mr. DURANLEAU: I cannot say positively, but I think that the amendments which will be brought before the house will mostly concern the coasting trade in Canada.

[Mr. Lucas.]

SURVEY OF NATIONAL PORTS

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): May I ask the Minister of Marine if anything is going to be done about Sir Alexander Gibb's report with regard to the national ports? Will there be any legislation or any change in any respect?

Hon. ALFRED DURANLEAU (Minister of Marine): I understand that the Prime Minister answered such a question a few days ago.

Mr. LAPOINTE: No, he transferred it to my hon. friend.

Mr. POULIOT: We want an answer from the Minister of Marine.

Mr. DURANLEAU: I understand that upon representations the bill following Sir Alexander Gibb's report on the national ports of this country will also be postponed until next session.

ADVANCES TO PROVINCES

On the orders of the day:

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Yesterday the Prime Minister said that he would see that the house was given as much as possible of the correspondence on file between the provinces and the Dominion government respecting financial arrangements. I would ask my right hon. friend who is leading the house, or the Minister of Finance, if he would make sure before the Prime Minister takes his little trip to Washington to see the president about reciprocity and other matters, that the Prime Minister gives the house all the correspondence that is available.

Sir GEORGE PERLEY (Argenteuil): The Prime Minister is detained to-day for a short time but I shall speak to him about it.

FRUIT MARKING

On the orders of the day:

Mr. W. A. FRASER (Northumberland): May I ask the Minister of Agriculture if he is contemplating a revision of the Fruit Marks Act this session?

Hon. ROBERT WEIR (Minister of Agriculture): I cannot make a statement in that connection as yet.

PENSION ACT AMENDMENT

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

That it is expedient to amend the Pension Act to give effect to certain recommendations of the committee appointed to investigate the administration of the act; to provide for the elimination of various provisions relating to the pension tribunal; and for an increase in the number of members of the commission and to prescribe their tenure of office; for the continuation of the pension appeal court as a court of appeal and of review; for the appointment of an ad hoc judge as a member of the pension appeal court and his remuneration; for the appointment of a travelling inspector of the veterans' bureau, and of pension counsel, and a reviewing officer; for the payment of awards by the comptroller of the treasury, and generally to simplify and improve procedure under the act.

Mr. MACKENZIE (Vancouver): Explain.

Mr. MacLAREN: I wish to take this opportunity of making a preliminary statement regarding the resolution which we have just heard read from the chair, perhaps not in any detail for it is probably the wish of the house that the subject matter of the resolution should be more fully explained at a later stage.

The resolution proposes certain amendments to the Pension Act. The amendments relate especially to a certain portion of the Pension Act, namely, that dealing with its administration. In September of last year the government appointed a special committee to inquire into the administration of the Pension Act. It was composed in all of eleven members. Five were representatives of veterans' organizations, five were representatives of the different branches of the Department of Pensions and National Health, and Mr. Justic Rinfret of the Supreme Court of Canada acted as chairman. So far as I am aware the committee was composed differently from any I previously recall. It met in Ottawa, and over a period of about six weeks heard witnesses from various parts of Canada, after which a final report was submitted to the government. During the course of the meetings it was found that on account of the urgent necessity of his attendance to duties in the Supreme court, the chairman could not continue to act. Mr. Justice Audette took his place, and completed the duties which fell to the chairman of the committee.

The report of the committee was submitted in three parts. While in matters of detail there are indications of some division of opinion, yet in connection with larger and more important matters there is substantial agreement. I am making a general statement, and am not speaking absolutely. I believe I am speaking correctly however when I state that in connection with important matters of principle there is general agreement. The reference to the committee, in the terms of the order in council, was to examine and report on the administration of the Pension Act. Since that time the report has been printed and distributed to hon. members.

The appointment of the committee, and the hearings before it were due, to a great extent, to representations made to the government by allied organizations, to the effect that there was dissatisfaction due to delay in making decisions, congestion in the different courts, and an undue number of appeals to the pension appeal court. There were other troubles, but I believe I have indicated the three chief ones. The attention of the committee was directed naturally, to the special conditions about which complaint had been made. The resolution now before us sets out the nature of the amendments proposed, and in connection with which I shall mention briefly the more important features.

At the present time there are three adjudicating bodies administering the Pension Act. There is the board of pension commissioners, the pension tribunal and the pension appeal court. Under the amendment it is proposed that there be only two adjudicating bodies, namely the board of pension commissioners and the pension appeal court. Under these circumstances the pension tribunal, which has been functioning for a few years and still functions, will cease to operate. On the other hand there will be an increase in the personnel of the board of pension commissioners. Then there will be provision for the enlargement of the pension appeal court, if necessary. In any case it will be arranged so that there may be two courts sitting at the same time in order to expedite and dispose of the business. One of the essential features of the pension tribunal has been preserved, namely that a quorum of two shall be what one might term a travelling board, so that when necessary those quorums may proceed through the country acting as travelling boards, as now obtains under the tribunal. Secondly, those boards will have the right to make a decision. The two essential features of the tribunal as it now exists will be safeguarded and preserved.

There are one or two further points which I might mention before moving the adoption of the resolution. The first is in regard to the reviewing officer. The objection has been taken frequently in the house that the official or officials who take appeals should not be subject to the pension board or to the minister. The provision which will appear in the bill is that this officer, known as the reviewing officer, shall first be a medical man so that

he may determine on questions of disability. On his advice appeals shall or shall not be taken. Secondly, he is to receive direction from the president of the appeal court.

Mr. MACKENZIE (Vancouver): That is only in regard to crown appeals.

Mr. MacLAREN: I am speaking of cases upon which decisions have been made favourable to the applicant. Of course applicants who have not been successful are always at liberty within a certain time to take an appeal.

I think possibly the house has heard enough of the details now, I would like to make this general statement, that there are a number of provisions, of amendments, which will I think go far to expedite and simplify the machinery, so that matters can move more rapidly in the future. There will be less delay. Personally I recognize that there has been delay. I do not hold the officials responsible for it, I regard the impossible amount of work as the essential cause. In any case the amendments will have the effect of disposing of thousands of cases that are almost dormant yet cannot be removed. Applicants who are not taking further action will be communicated with, will be given ample time to express their views as to whether or not they desire to proceed, and if they are not proceeding then their cases will be removed. In this way much will be done, I feel, to clear up the work more promptly and satisfactorily. This will go far towards disposing of the complaints that have been made, especially as regards delays in giving decisions.

Hon. IAN MACKENZIE (Vancouver Centre): In rising at this time for a brief discussion of the resolution submitted by the hon. Minister of Pensions and National Health (Mr. MacLaren), I do so not with any idea of deferring the passing of the resolution, nor indeed of discussing its merits or demerits, because I realize that these can be discussed better when the definite and particular legislation based on the resolution is before the house. There are however two or three considerations that I think call for attention at the present time.

The resolution is divided into seven parts. It refers to the elimination of various provisions relating to the pension tribunal. This is not the time to discuss the pension tribunals, which have been functioning consequent on the legislation of 1930, but my own judgment, after mature observation, has been and is that the pension tribunals have been the best friends that the exservicemen of Canada have had since 1930. So I am indeed glad to hear the observation of the minister that in effect the pension tribunals are not being abolished but that their functions are being merged with those of the enlarged board of pension commissioners with their travelling quorums functioning in various parts of the dominion. That is the second part of the resolution.

The third refers to the continuation of the pension appeal court as a court of appeal and review. I presume that new title has something to do with the institution of a new officer who is to be appointed under the terms of the legislation to be introduced.

The fourth provision is for the appointment of an administrative judge as a member of the appeal court. I think that provision will command the entire sympathy and support of this house.

The fifth is for the appointment of a travelling inspector of the veterans' bureau. That, I think, is one of the recommendations made by General Ross in part II of the excellent report submitted by him.

The sixth provision is for the appointment of pension counsel, who I understand, are to take over, in an altered form, some of the duties of the commission counsel appointed under the 1930 legislation. Speaking for myself, I am very glad indeed to see that the commission counsel are to be finally abolished. The appointment of a reviewing officer must be looked upon with a great deal of care by all members of this house, because as I understood the remarks of the minister, under the legislation to be introduced a single medical officer is to be appointed who is going to have complete power to advise the crown in regard to which cases should be appealed and which should not. I think this may be—I am not saying it is—giving to one individual powers of a very far-reaching and important character.

Mr. MacLAREN: May I say that he will be under the direction and control of the president of the pension appeal court.

Mr. MACKENZIE (Vancouver): Well, I am not going to discuss details at the present time. I have every respect for the president of the pension appeal court, but to my mind that would be an objection to the reviewing officer. When an appeal is going to a judicial body, a court of final instance, and the president of that court has under his control the person who is to decide whether the appeal should go to that body for final judgment, I think there is a fundamental weakness there. However, I am not crticizing it at the present moment.

The seventh provision is for the payment of awards by the comptroller of the treasury; which, as I understand it, is transferring from the department the authority for paying pensions or awards made by the tribunals.

The history of pension legislation in this parliament ever since 1919 has been a very fortunate one indeed. It has been entirely removed from every suggestion of partisanship. We have had, I think, nine select committees of this parliament in various years considering all possible phases of pension administration. We had a royal commission under the chairmanship of my hon. friend the member for Shelburne-Yarmouth (Mr. Ralston) who submitted to this parliamen a most voluminous and excellent report upon which the legislation of 1923 was based; we had the legislation of 1930 resulting from the very excellent work of a committee presided over by my good friend the hon. member for Quebec South (Mr. Power). So if there have been mistakes in regard to the administration of the Pension Act they have not been intentional mistakes on the part of either side of the House of Commons. But the point which I rose to mention is that every single important revision of the Pension Act in previous sessions has been submitted to a committee of this House of Commons. Legislation based upon these seven provisions to which I have referred is to my mind nothing less than a complete recasting of the Pension Act. That act, as hon. members know, is one of the most complicated acts we have upon our statute books at the present time. I agree with my hon. friend the minister in regard to the splendid abilities of the gentlemen who formed that committee whose report I have before me, but we have now in this house an example of the consequences of introducing to this house a very complicated piece of legislation namely the railway bill. That bill is based on the report of a very eminent commission, yet we find a marked division of opinion among hon. gentlemen on all sides of the house in regard to its provisions. So I suggest to the hon. Minister of Pensions and National Health that before this bill is thrown into committee of the whole it should be referred to a committee of this house, not to hear further evidence, not to function as the committee whose report we have before us, but to examine the details of the bill, to call in experts, if they desire, either from the department or the associated veterans. But I think it is vital to the success of this legislation, in case there may be some controversial sections, not to have it thrown into committee of the whole without hon. members on either side of the house being thoroughly familiar with it. In all sincerity, in the interest of the legislation and to preserve the nonpartisan attitude of former years, I suggest that when this bill is ready for presentation it be referred to a small committee of this house, of members thoroughly familiar with the details of pension administration and legislation, so that if possible we may have the unanimous judgment of the House of Commons in regard to what is to my mind one of the most important pieces of legislation in Canada.

Mr. C. G. POWER (Quebec South): I only wish to add a few words to what has been said by my hon. friend from Vancouver Centre (Mr. Mackenzie). As I understand it, although I have had no information with respect to the provisions of the bill, essentially it is to destroy and do away with the principal provisions of the pension legislation of 1930. I do not think it is my duty or that the burden should be placed upon me to defend that legislation, because it was passed unanimously by the committee that dealt with it; it was confirmed unanimously by this house and received the approbation of all soldier bodies throughout the country. I must say, however, that before taking away from that legislation its most important feature, namely the right of the returned soldier to have his day in court and to be heard by a tribunal as to the justice or otherwise of his case, we perhaps should have given the matter more consideration and should have had a more unanimous report.

Mr. MacLAREN: That is carefully preserved in the bill.

Mr. POWER: I am very glad to learn from the hon. gentleman who is in charge of the measure that this right is preserved in the bill, but I wonder why the pension tribunals are to be abolished. Is it simply because we wish to change the name? If that is the reason I do not know why so much fuss was made about this bill. If we are preserving the essential functions of the pension tribunals and simply changing their status, putting them under the board of pension commissioners instead of leaving them independent tribunals, then I think perhaps we have very strong reason for opposing this bill. The tribunals and appeal courts were established in order to get away from the final jurisdiction of the board of pension commissioners, which in the minds of the soldiers throughout the country had not been functioning satisfactorily. After having read over the report

of the commission, which was composed of very able gentlemen, it appears to me that only a minority of the members recommended the action now proposed by the government. However, I will leave that point for discussion when the bill is brought before the house.

In support of what has been said by my hon. friend from Vancouver Centre (Mr. Mackenzie), if the correct information has been given to us, namely that there will be some sixty or seventy sections in this proposed bill, I respectfully submit to the minister that it will be extremely difficult to discuss these sections in this House of Commons. There is no legislation on our statute books more complicated and more difficult of understanding to the lay mind—and to the legal mind as well—than the Pension Act. It requires constant study and application, and to throw this matter into the House of Commons without some preliminary study having been given to it will, I think, bring about the evil effects pointed out by my hon. friend from Vancouver Centre. If the minister has not definitely made up his mind on that score I would ask him, in the interests of the legislation, in the interests of the soldier, and to keep to the practice followed hitherto in this house, to reconsider the matter and, if it is at all possible, form some small committee which need not hear witnesses but which could take means to be informed as to the reasons why these new sections are being introduced into the act. I very much fear that unless something of the kind is done we will have misunderstandings as to the purport of the legislation, and with all the goodwill in the world and the greatest desire to co-operate, which I am sure will be found on all sides of the house, those misunderstandings will occur.

There is one other matter to which I should like to direct attention. I would ask the minister, and doubtless he will reply when we reach the committee stage, whether this bill will reduce the number of pensions granted to ex-soldiers or whether it will increase them; in other words I would ask whether the purport of this act is to be more generous or less generous to the ex-soldiers. If it is designed to save money I think perhaps the minister should tell us. If it is designed further to extend the application of pensions and bring more returned men within the scope of the act I think we should know it. As to the new machinery provided, I understand that eight or ten new pension commissioners are to be appointed.

[Mr. Power.]

Mr. MacLAREN: No, not ten new ones; there will be eight in all.

Mr. POWER: There are to be eight pension commissioners, so there will be five new members of the board.

Mr. MacLAREN: No, four new ones.

Mr. POWER: There are three members at present and the chief medical officer? There will be four new members who will replace the eight or ten members of the present tribunals, and to that extent I am sure there will be a certain saving of the public money. Apart from that, however, I am at a loss to understand what saving there will be. If we are accomplishing this saving by placing the control of pensions once more under the jurisdiction of the board of pension commissioners I very much fear that this move will not give satisfaction, at any rate to the people most concerned, the returned soldiers.

Mr. G. R. GEARY (Toronto South): With all due respect, Mr. Speaker, I suggest that the speeches we have just heard from the hon. member for Vancouver Centre (Mr. Mackenzie) and the hon. member for Quebec South (Mr. Power) show the utter futility of attempting to discuss something of which we know nothing. They surmised that the bill would contain something, and went on to say that in that event it would be right or wrong. If we are to take information we may gather, not surreptitiously but by conversation and discussion, and consider the resolution in that light we are not helping the measure in the slightest degree; we are only stirring up objections that perhaps will not otherwise come to the surface.

However, I do agree with one point brought up by each of the hon. members who spoke; that is, that we should consider very carefully the way we take up the provisions of this bill. This is a complicated matter; those of us who have had to do with pensions know that the provisions of the act are many and that often they are difficult to reconcile. It should be made as clear as possible, for it is a bill that we should have so plain that he who runs may read if that can be accomplished. It comes up for consideration by men who are not lawyers and who perhaps are not able to comprehend all its provisions, so I submit that we should use every effort to make it quite clear. I do not propose, however, to discuss hypothetically the provisions of this bill. There are many suggestions I might make at the moment, but I do commend to the very serious consideration of the minister the suggestion that every opportunity should

be given to have this matter properly considered in committee, though whether that should be a select committee of the house or the committee of the whole we do not know and will not know until we see the provisions of the bill and see what difficulties will be encountered in its consideration.

Mr. MacLAREN: Mr. Speaker—

Mr. SPEAKER: The minister will close the debate if he speaks now.

Some hon. MEMBERS: Carried.

Motion agreed to and the house went into committee, Mr. Stirling in the chair.

Mr. MACKENZIE (Vancouver): Does the minister intend to proceed with the bill this afternoon?

Mr. MacLAREN: I was going to ask leave to introduce the bill. That is as far as it is intended to go.

Mr. POWER: Will the minister be good enough to give me an answer now to some of the questions I submitted to him a moment ago? What will be the effect from the standpoint of economy in administration after this bill has been passed?

Mr. MacLAREN: There will be considerable economy; I have been told it will be something like $400,000. But that is not the point.

Mr. POWER: That is the question I am asking.

Mr. MacLAREN: The question has been asked, why have this legislation? Is it because it will be more favourable or less favourable to the applicant? My answer is, that has nothing whatever to do with it. It is not whether it is more favourable or less favourable; it is a question of what is fair and right, no matter what happens. I have explained that the action of the government followed the presentation of views by representatives of the allied organizations, who asked that the administration of the act be reconsidered by a committee; so that primarily and basically the action taken and the amendments now presented are the outcome of representations made to the government by veterans' organizations.

Mr. POWER: The minister has not answered my question and for the moment I will not discuss it. I would refer now to the last statement he makes, that this legislation is the result of representations made by the associated veterans. I suppose he refers to a memorandum presented to the government by the associated veterans in January, 1932.

Mr. MacLAREN: I cannot give the date, but I know that they appeared before the government.

Mr. POWER: My information is that they appeared before the government in January, 1932, and submitted a memorandum entitled:

> Legislative and other proposals affecting ex-service men and women in Canada, submitted to the Prime Minister and members of the government of Canada by The Army & Navy Veterans in Canada; The Canadian Legion of the British Empire Service League; The Amputations Association of the Great War; The Canadian Pensioners Association of the Great War; The Sir Arthur Pearson Club of Blinded Sailors and Soldiers, January, 1932.

I believe there were also representations from the non-affiliated veterans of Canada.

I do not find anywhere in that memorandum a recommendation that the tribunals as such be abolished, nor do I find anything referring to a reviewing officer, nor anything which would tend to show that the soldiers, at that time at any rate, favoured placing the full jurisdiction in these matters under the control of the board of pension commissioners. As a matter of fact, the commission which was appointed following these representations and, as the minister very well says, as a result of these representations, was very far from unanimous in its findings. I have not before me the report of the commission but as I understand three or perhaps four made one report, three others made another report, three more another report, and perhaps there was a fourth. Generally speaking, however, the majority of the commission was not in favour of legislation such as is about to be introduced. The majority, taking the three or four reports, in other words, the consensus of the majority of the members of the commission did not favour legislation such as this.

Mr. MacLAREN: In toto?

Mr. POWER: Well, the principal points of the legislation brought down by the minister to-day were not approved by any but a minority of the commission. Am I right?

Mr. MacLAREN: No, I do not think so. The hon. gentleman will find that there was a majority in most cases.

Mr. POWER: Was there a majority in favour of the abolition of the pension tribunal?

Mr. MacLAREN: Six. It occurs in two reports.

Mr. POWER: Six out of how many?

Mr. MacLAREN: Eleven.

Mr. POWER: Does the minister say positively that six members of this commission reported in favour of the abolition of the pension tribunal? I have not the report by me but I am somewhat surprised, because I was under the impression that that was not the tenor of their report. Now to refer to the question I asked at the beginning, as to whether or not the tendency of this legislation will be to make it easier for veterans to obtain pension, or more difficult, will the minister answer that?

Mr. MacLAREN: The machinery will be simplified and improved, so that it will be easier for applicants to get their applications dealt with. It will not change the basis for pension one way or the other, but it will expedite matters.

Mr. MACKENZIE (Vancouver): Will the minister take into consideration the suggestion made on this side to refer the bill to a committee of the house?

Mr. MacLAREN: Certainly; it will be considered.

Mr. POWER: Is there anything in the bill dealing with the section of the Pension Act which consecrates the principle that, whatever the earning capacity of the veteran who is receiving pension may become, his pension is not to be interfered with? In the Pension Act there is a section—I am informed it is section 24, subsection 4—which provides that the veteran shall not be deprived of pension nor have his pension reduced as a result of his having become more proficient in his earning capacity in any profession which he may follow.

Mr. MacLAREN: That point is not dealt with. As I mentioned some time ago, these amendments deal with the administration under the Pension Act, and as regards the awarding of pensions, the grounds for pensions, and the amount of pensions, those are questions that are outside the scope of the report and are not dealt with under this.

Mr. SPEAKMAN: Having unfortunately been absent while the resolution was under discussion, I will not discuss it now but will reserve until the bill is brought down whatever I have to say. I should like to support very strongly the suggestion which has been made, I believe from this side of the house, that the bill to be founded upon this resolution should be referred to a special committee. This matter is of tremendous importance and the implications are so wide that they could not be discussed with intelligence in the committee of the whole.

Resolution reported, read the second time and concurred in. Mr. MacLaren thereupon moved for leave to introduce Bill No. 78, to amend the Pension Act.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Wednesday, April 19, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes—Mr. Manion—Mr. Hanson (York-Sunbury) in the chair.

The CHAIRMAN (Mr. Hanson, York-Sunbury): We are dealing with section 16, subsection 1.

Mr. NICHOLSON: When the committee rose last evening it was discussing an amendment which had been suggested by the hon. member for Kenora-Rainy River. At that time I pointed out that I felt the amendment did not go far enough. The latter part of this subsection reads:

> They are further directed that whenever they shall so agree they shall endeavour to provide, as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National railways and Pacific railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

That subsection refers to the amalgamation of services, whether the running of trains, the operation of shops and stations, or whatever it may be. It will be noticed that the question of the allocation of employment is left to the officers of the two railway companies with the direction that they shall endeavour to provide for equitable distribution of employment. It seems to me that if the interests of the railway employees are to be protected, something will have to be included in this section to make the equitable distribution of employment obligatory or binding. Many years ago I had some experience in these matters, although in a much less complicated form. In those days the railways were taking over other small lines to incorporate in their general operations and the question as to how the employees of the small lines were to be dealt with was constantly coming up for consideration. In a case of this kind it would be impossible, under the agreements existing at present between the employees and the railway companies, for the management of the roads to

do the things suggested by this section. There should be some obligatory provision to provide for the proper allocation of employment.

Let me give one or two illustrations. It might be decided that the Canadian National shops and the Canadian Pacific shops in Ottawa be amalgamated. I am not suggesting that that will happen, but it is a possibility. The work would be concentrated in one set of shops and there is now no authority vested in the officials of the railways to take employees from the National shops and put them into the Pacific shops, or vice versa. This could not be done as long as there were sufficient employees on the lists of the one company to do all the work involved. Another illustration would be in the running of trains, say from Ottawa to Toronto or Montreal. One train might be taken off leaving the other train running over the line of the other railway to do all the work. Let us assume that the train left would run over the line of the Canadian Pacific Railway. The officials of the railways cannot decide that two Canadian National and two Canadian Pacific crews will be utilized. Under the agreements now existing, the Canadian Pacific men would have the ultimate decision. The same would apply to the Canadian National if it were decided to run the train over that line.

It seems to me that if there is to be equitable distribution of employment, some plan must be worked out by which a representative of the men will be clothed with authority to allocate the work upon some basis of seniority or percentage; otherwise, we will be having a continuous dispute between the employees of the two roads and injustices will certainly be done. I feel that the words "endeavour to provide" should be struck out and "shall provide" substituted therefor. There should also be an added clause to provide that the accredited representatives of each class of employee concerned would have authority to allocate employment equitably between the several classes of men involved. The hon. member for Kenora-Rainy River is more directly involved in this matter and has been more recently concerned than I have been, and I expected that he would have brought forward an amendment which would cover this point. Unless these things are provided for, I believe there will be a very serious effect upon the employees of the railways.

Mr. GEARY: Does not the hon. member think that the word "respectively" in line 15 provides for distribution as between the two companies?

Mr. NICHOLSON: My point is that under the agreements existing between the companies and the men, the companies have no authority to do any such thing as is herein provided. If two shops at any terminal are brought together and all the work of the two railways is to be done in a National railway shop, so long as there were sufficient employees on the list, perhaps not in active employment—there are hundreds of men on the list who are not now in employment—they would have first preference in getting a job and taking extra work before a single man could be transferred from the other shop, and any who were transferred would come in as new employees altogether under existing arrangements. The same is true with regard to train service men, bridge men, track men and any other class of employee covered under the agreements now in existence. The agreements as between the employees of one company and the employees of the other are vastly different, covering different districts, and varying as to seniority rights and all that sort of thing. If the bill is left in its present form there will be utter and complete confusion and the interests of the men will not be properly taken care of.

The CHAIRMAN (Mr. Hanson, York-Sunbury): May I observe to the committee that we are discussing subclause 1 of clause 16, to which an amendment was proposed yesterday by the hon. member for Kenora-Rainy River, which I understand was not put. I shall now read it. It is moved by Mr. Heenan that subclause 1 of section 16 be amended by adding after the word "arrangement" in line 17 the words:

But in no event shall such measure, plan or arrangement become operative until the representatives of the employees affected have been given sixty days' notice.

Mr. MOTHERWELL: If there is no objection at this stage I was going to make some observations on the question of compulsory cooperation. I wonder if the minister or the Prime Minister would entertain the idea, if they feel so strongly on the question of compulsory cooperation, of having a clause providing for it inserted in the bill, but providing also that it shall not come into effect at present or until they think it is desirable, and then only upon proclamation by the governor in council. I may say that I have put bills of that nature through the Saskatchewan provincial house, and also through this house. We wanted a provision of that nature in certain acts, but we did not know whether it would be required or not, and so we in-

serted it and then provided that it would only be brought into effect by proclamation.

The reason I make this suggestion is two-fold. Out in the west we have been fed up, if I may use that term, on the policy enunciated by some of the members of the wheat pool favouring compulsory cooperation. To a great many of the contract signers of the pool such a policy was abhorrent, so much so that they started up an organization against it and defeated it, and that was the end of that campaign. The case might not be wholly parallel to this one, but nevertheless some of us feel quite strongly that so long as the two railways are doing such excellent work in the way of cooperation as they are at the present time, even though it is under the disciplining effect of the times, it might be wiser to let them run along just as they are doing, but always conscious of the fact that there is a provision in the law that the government may at any time in their wisdom invoke the provision for compulsory cooperation if the railways do not continue their good work in voluntarily cooperating. Such a course would be very gratifying to myself. I have no authority to speak for anybody else. The thought has just come to me now, and I make that suggestion. If it will not work in this case I shall be glad to be enlightened as to why it will not work, but if it will work I think it would help to bridge quite a gulf between this side of the house and the ministerial benches.

To repeat, my suggestion is that the principle of compulsory cooperation be inserted in the law but that it be invoked only by proclamation at the instance of the government, and in the meantime let the railway companies run along as they are doing now. They are doing magnificently, as was so eloquently and forcibly described by the minister in his very first speech on this subject. Why spoil that splendid work of voluntary cooperation by saying, "You must cooperate," when they are already doing it? You know how cranky and cussed human nature naturally is, and how you hate to be told to do a thing when you are doing it. That is very much the case here. The railways are being told by law that they must cooperate when everybody testifies that they are cooperating magnificently now in a voluntary way. As a matter of diplomacy, as a matter of gratifying that trait of human nature that exists in all of us, and in some more than others, it seems to me that it would be the part of wisdom, as well as good parliamentary tactics in connection with this knotty question, to adopt such a course as I have suggested. I admit that I am against compulsory cooperation. The courts in Saskatchewan have decided that there "ain't no such critter," if I may use that language and not attribute it to the bench. Injunctions have been taken out on the ground that compulsory cooperation was contradictory in its terms, and judgment has been given accordingly. So I have authority for my view. Unfortunately I have not the judgment here, but it was given by no less a judge than a member of the appeal court of Saskatchewan. With that as my authority, and with my experience of the terrible conflict that ran for years through the farmers in the wheat pool on the subject of compulsion, I say that there is something fundamentally unsound and undesirable in the principle of compulsory cooperation. If the railways will not cooperate, then as a last resort the government can say: We shall have regretfully to invoke this compulsory feature which has been provided in the law.

I have no motion to make, Mr. Chairman. I am simply making this suggestion. Maybe it is no good at all, but I know that it has worked out in both provincial and federal legislation. On one occasion we had to invoke the clause, and in the other case we did not. That is all I have to say at the moment.

Mr. BENNETT: The suggestion which has been made by the hon. gentleman regarding the adding of a clause to the bill providing that Part III shall not come into force except by proclamation has been considered in another chamber, with the result that it was not favourably entertained—

Mr. MOTHERWELL: It was discussed there?

Mr. BENNETT: Yes. The vote against it was very small, only one, I think; I am speaking subject to correction.

Mr. MOTHERWELL: Pretty close, but I had not heard of it previously.

Mr. BENNETT: I think the observations made by the hon. gentleman are worthy of every consideration.

This affords me the opportunity to say that there has been some misapprehension on the part of many people as to the effect of this part of the bill. Some have thought that this was a provision in the law to dragoon the shareholders of the Canadian Pacific Railway, or the corporation as such, to do what they did not want to do regardless of what the views of the shareholders might be. Now, first of all, the law provides that whatever action is to be taken is action that is favour-

able to both roads. That is, it must be of benefit to both in the minds at least of those responsible for the setting up of the tribunal.

Secondly, a tribunal will never be set up unless there is a difference of opinion between the two roads as to whether or not it is desirable to do some particular thing. One road may think that the benefits that will result from taking a given course are not anything like what have been suggested by the other road; the other road may think that the benefits may be very great. It is not compulsion in the ordinary sense of the term, but an arbitration between two contending views—the view of one company that the benefits would be very great, and the view of the other that the benefits would be, we will say, very trifling. In such an event a tribunal may be set up in the manner provided by the act to arbitrate, to resolve and determine the differences between the two roads.

As I see it at the moment, in view of what the hon. gentleman has said and in view of what has been said by others, the suggestion that compulsory arbitration should not be provided for in the bill except by proclamation would merely mean that when a difference arose that was so acute that it could not be disposed of by compromise between the contending parties, an arbitral tribunal should be set up to resolve that difficulty. The suggestion is worthy of every consideration. Between now and Monday, namely on Saturday, when there is an opportunity to consider these matters in full, the council will carefully consider what has been said. It may be that possibly in view of the strong opinion expressed by the hon. member, and by others who have discussed the matter in another chamber, such action should be taken. We will give it every consideration. At any rate debate is not closed on the section.

Mr. POWER: Lest the opinion expressed by the hon. member for Melville should appear to be the opinion of all hon. members on this side of the house, may I say—and I am not doing so out of factious opposition—that the arbitral tribunal feature commended itself most to me when I voted for the second reading of the bill. I do believe if there is anything in the legislation worthy of being retained, it is exactly that provision.

Mr. BENNETT: This will retain it. It is only a question of when the law becomes effective.

Mr. POWER: I am not making this statement with a view to being disagreeable or indulging in any carping criticism, but it seems to me that a tribunal which would be set up more or less automatically on the application of one or other of the railroads would be more in the interests of both railroads than one set up by proclamation of the government. Such a tribunal would be more in the interests of the government itself, and those of the railroads.

Mr. BENNETT: To correct my hon. friend, may I say that the tribunal would not be set up by proclamation; the law would become effective to enable it to be set up.

Mr. EULER: On that point may I ask this question: If the government should adopt the suggestion made by the hon. member for Melville, would it then by proclamation bring into being a tribunal each time a dispute arose, or once they proclaimed the act in force would it be in force from that time forward? It would not be proclaimed at intervals?

Mr. BENNETT: No, a statute could not be in force off and on.

Mr. EULER: Unless it were framed in that way.

Mr. BENNETT: And that would be a very difficult thing to do. The statute would at once become effective, and be binding for the future. The tribunals, of course, are separate tribunals with respect to each dispute. I may say that giving the matter my own personal view I was of the opinion that it was not desirable to provide for it coming into force by proclamation. In that respect I shared the view held by the hon. member for Quebec South. However, I have listened to a great many arguments, including that of the hon. member for Melville, as to the desirability of having it come into force by proclamation. As I have said, my personal view was the other way.

Mr. POULIOT: Yesterday afternoon I showed that section 5 of the bill is not in accordance with the report of the royal commission, and that there is nothing in that report with regard to the removal from office of the trustees, as stipulated in section 7 of the third draft of the bill. Therefore the government cannot pretend that the bill is entirely in accordance with the report.

In regard to section 16 of the bill the report of the royal commission at paragraph 210 is as follows:

> We have emphasized the fact that a principal weakness of the past decade has been the failure of the railways to act together in their own interests and in the interests of the public. It is not enough that each should take all practicable measures of economy in respect of

its own system. There must be joint action with a view to savings in the wider sphere.

I do not agree with what the commissioners have said with regard to railways not acting together in their own interests and in those of the public. In my view that observation is unfair. Then in paragraph 211 they state:

A statutory duty should be imposed upon the trustees as well as upon the board of directors of the Canadian Pacific Railway that, consistently with the provisions of the existing law and with the recommendations of this report and with the provision of all reasonable services and facilities, they should adopt as soon as practicable such cooperative measures, plans and arrangements as shall, consistent with the proper handling of traffic, be best adapted to the removal of unnecessary or wasteful services or practices, to the avoidance of unwarranted duplication in services of facilities, and to the joint use and operation of all such properties as may conveniently and without undue detriment to either party, be so used.

That is what was said by the commissioners. Then, in the draft of Bill A as it was read the first time in the Senate on October 27, last, subsection (a) and (b) of section 15 contain the definitions of the National company and the Pacific company. We do not find it in part II of the third draft, because it is in section 3 of the preliminary part of the third draft of Bill A. Section 16 of the bill now before us is based on the report of the commissioners, and was amended many times in the Senate.

In the second draft of Bill A, as redrafted by an order of the Senate committee on railways, telegraphs and harbours, the first paragraph of section 16 reads thus:

The National company and the Pacific company, for the purpose of effecting economies and providing for more remunerative operation are directed to attempt forthwith to agree and continuously to endeavour to agree upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted (with due regard to equitable distribution of burden and advantage as between them) to effect such purposes.

That paragraph of section 16 has been replaced by substituting the following:

The National company, for and on behalf of itself and/or any or all other of its companies and other elements of which National railways as defined by this act is composed, and the Pacific company for and on behalf of itself and/or any or all other of the companies and other elements of which Pacific railways as defined by this act is composed, are for the purposes of effecting economies and providing for more remunerative operation, directed to attempt forthwith to agree and continuously to endeavour to agree, and they respectively are, for and on behalf as aforesaid, authorized to agree, upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted (with due regard to equitable distribution of burden and advantage as between them) to effect such purposes.

Then, at page 7 of the second draft, at line 27 between the words "company" and "and" the following words shall be inserted:

For and on behalf of themselves respectively and otherwise as by this part of this act authorized.

On the same page 7, line 33, after the word "company's" insert "or National railways."

On the same page at line 36 after the word "company's" insert the words "or Pacific railways."

This is the history of the legislation. I suggested to my hon. friend the Minister of Railways yesterday that whenever a section is studied by the committee the history of the legislation should be made known to the committee in order that each member shall be familiar with what has been done by the commissioners as well as by the Senate. I could not possibly quote what has been said by the hon. gentlemen of the Senate in the house and in the committee about it, but the members of this house can refer to it. It seems to me only fair to submit to the house the history of the legislation, and I am sure my hon. friend the Minister of Railways appreciates the assistance it will give. On the other hand may I tell him this, that it is most important for us to have as much information about the Canadian Pacific as we have about the Canadian National. We have little information about the Canadian National and we have none at all about the Canadian Pacific. They have hotels, they have a steamship company, and as is well known these hotels were built, these steamships were put in operation, with capital coming from the profits of the Canadian Pacific railway. That money, instead of being deposited in a special reserve fund, has been used for other purposes, which I will not discuss, but the operation of those new concerns has a direct effect on the management of the railway. This is why it seems to me only fair and reasonable to suggest that the Canadian Pacific should give to the House of Commons whatever information hon. members desire to obtain. It can easily be done. They should have come here and answered such questions the members desire to ask in the public interest. I do not know what veil of secrecy covers the operations of the Canadian Pacific railway and certain operations of the Canadian National. No one, not even the most brilliant amongst us, can give judgment about the railway business without having full information at his command. Otherwise it is a farce to

study this bill in committee. I am sure that the hon. Minister of Railways, who usually answers us with a smile, will appreciate that suggestion, and that in the near future every member of the House of Commons will have opportunity to familiarize himself with every detail of the operations of the Canadian Pacific railway as well as of the Canadian National. And if my hon. friend the Minister of Railways appreciates the assistance I am giving him in reciting the history of this legislation I shall be glad to supply him with the same information on the next section.

Mr. HEAPS: This clause deals with the question of men who are likely to be laid off and those who are retained in the service of the railway companies. It directs the companies to make a fair apportionment of the services of men as between the two companies, in case of consolidation of services. Now the first question that arises is: What is a fair apportionment of such employment? Secondly, who is to be responsible for making this apportionment? If this house enacts legislation to create a tribunal or direct a body to make this division of labour, then I am afraid we will get into great difficulties. Personally I think that the less we have to do with this question of apportionment the better it will be, because any legislation that we enact, especially in view of the fact that there are in existence agreements between the railway companies and their men, is bound to get us into difficulties either between the railway companies or between the companies and the men or between ourselves and the employees. So, personally, I would rather leave the question to the companies and the organizations of the men affected; in that way I think we may save ourselves a great deal of trouble. If we take any action we then become responsible for the apportionment. If we had not faith in the men's organizations or the companies to do the fair thing in this respect this might be a proper body to make provision that a fair apportionment be made. But at present the men are satisfied that they can depend on their organizations to do what is right, and therefore I would rather see the matter left in the simplest form possible to save future embarrassment.

Perhaps the minister may have in his possession now particulars of the method by which the apportionment was made in the case of the recent pooling of train services between Toronto, Montreal and Ottawa. That may give some idea how the thing was worked.

Mr. MANION: I heartily agree with the remarks of the last speaker. I believe that as the clause is framed it protects the men of both companies as far as it is possible for this legislation to protect them. I have given the matter further consideration since the hon. member for Kenora-Rainy River (Mr. Heenan) moved his resolution; I have listened to my hon. friend from East Algoma (Mr. Nicholson); I have discussed it with railway men and I am informed that to leave it as it is would be the most practical way of getting beneficial results for those concerned. This may be pointed out, that the two companies—

> are further directed that whenever they shall so agree—
>
> On cooperative measures.
>
> —they shall endeavour to provide, as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National railways and Pacific railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

So the companies are directed to endeavour to see that their employees get a fair and equitable apportionment of the employment, and I know enough about the management of the Canadian Pacific and the Canadian National to know that both managements are very jealous of the rights of their men and would do everything in their power to see that the employment that remains, if there be some curtailment, would be fairly and equitably divided. I think to attempt to make the clause any stronger would really complicate it so that it would be very difficult of operation.

My hon. friend the member for Kenora-Rainy River moved an amendment yesterday:

> But in no event shall such measure, plan, or arrangement become operative until the representatives of the employees affected have been given sixty days' notice.

I submit that the amendment would hold up the review of any forms of attempted cooperation by the two railways and would not accomplish the end desired to any greater extent than the clause already in the bill.

There is still another point to remember; it is that there may be and no doubt will be forms of cooperation which will save money otherwise than at the expense of the men. Let me explain that by an illustration. Let us suppose two pick-up lines are serving practically the same territory, and we have many cases of that kind in this country. It is decided to abandon one of the lines and both railways are given running rights over the remaining line, without diminishing the number of trains at all. There the saving would be in the cost of maintaining that section of track which was abandoned. It is

true that a certain number of men in the section gangs might be let go, but after all there are other matters in connection with maintenance than pick and shovel work; there is the matter of rails, the ties and so on, and a considerable saving would be made. So after listening to the whole discussion I submit with all respect that the clause which has been inserted in the act will accomplish the end desired. My hon. friend from North Winnipeg asked about the arrangement made in regard to the amalgamation of the Canadian Northern, the Grand Trunk and the Intercolonial with the Canadian National.

Mr. HEAPS: No, I was referring to the more recent consolidation of services between Montreal and Toronto and Ottawa and Toronto; I thought perhaps the minister might have some information as to how the men were dealt with in that case and what apportionment of labour was made.

Mr. MANION: I am sorry I have not that information; I thought my hon. friend was referring to the original coordination of the different portions of the Canadian National system. My submission is that under this provision, when there had to be a decrease in the number of men each railway would get an equal proportion of the jobs remaining, and those men would be appointed in accordance with their seniority. As my hon. friend pointed out, the seniority of the men is arranged between the unions and the railway companies, so it would merely be a matter of taking the men in the regular order of seniority. The senior men on one line would not prevail over the junior men on the other. If fifty men were to be kept employed on each railway the fifty senior men on the Canadian Pacific and the fifty senior men on the Canadian National would be retained. I think that is all provided for in the act, and I trust that my hon. friend from Kenora-Rainy River and my hon. friend from East Algoma will accept that provision. I may add, however, that if after the act has been in force for some time it should be found that any injustice was being done that could be remedied by this house, most assuredly I would be one of those to ask that action be taken. I come from a railway city which is served by both lines, and I am most anxious to see that the railway men get justice and a fair deal so far as it is possible to accord it by this act.

Mr. HEENAN: I am still assuming that the minister is sincere in his desire to understand all the complications that really arise with regard to seniority rights. I could give an illustration to show that the case cited by the minister might not work out at all. We might have the two railways running side by side, and when it is decided to abandon one line the railway companies will apportion the employment. The minister says the men will be taken by seniority, and I think probably a good many people who are not acquainted with these complications would look upon it as the minister does. But let us suppose that all the men on one of the lines were senior to all the men on the other line. Then the junior men could not get in at all.

Mr. MANION: I think my hon. friend misunderstands the clause, because it provides that the employment will be divided. I pointed out a moment ago that the senior men on one road would not prevail over the junior men on the other; that the intent of the act is that the men retained on the portion of the road operated jointly, or whatever the case may be, should be divided equally between the two roads. The senior men on the Canadian Pacific would get their proportion of employment and the senior men on the Canadian National would get their proportion.

Mr. HEENAN: This shows the difficulty of legislating along these lines. In that case we would have the junior men of one line coming in to displace the senior men of another line in that particular district. I submit to the minister that this is a complication that cannot be dealt with by legislation, and that is why I submitted my amendment. If it is carried out it will not cost the railroad companies or the government a dollar. Let me point out to the minister once more just what we are doing. Here we are doing something by legislation which I never heard of before; the railway companies themselves, without consultation with the railway employees, will apportion the employment. According to an act of parliament the railway companies can dovetail these men as they wish. A short time ago the minister stated that he had consulted some railway men in this regard. I do not know whether he meant the representatives of the employees, but I have in my hand a letter that was sent to Right Hon. Arthur Meighen when this bill was in the Senate, and this is one of the provisions requested in that letter. It also asks for compensation for employees who may lose their jobs and for other matters with which I have not dealt, because the amendment of the hon. member for North Winnipeg with regard to compensation was declared out of order. Therefore I have only suggested that

when any cooperative arrangement is considered, it shall not become operative until the representatives of the men have had sixty days notice. I think I know enough about railroad operation to feel sure that in these cases the companies know what they are going to do two or three months ahead of time. All I want is some provision in this act under which the companies shall advise the railway men of what is going to happen so that they may get together and consult with the management as to what is fair and reasonable.

There are some other points, to which I should like to direct the attention of the minister, which may not have occurred to him. This is a gigantic problem; I am glad he is looking after it instead of myself, because I am sure he will make a better job of it. Even where there are running rights over different sections of the railways, because of our greater motive power and the greater capacity of our rolling stock we will not require so many trains; they will be hauling greater tonnage and there will not be so many men employed. I think it must be taken for granted that after this legislation is passed the train crews all through Canada can give up all thought of operating with much less than full tonnage. There will be a saving in that to the country and the companies, but undoubtedly fewer men will be required, and I want to provide that where these men are to be changed from one part of the country to another or to be dovetailed in the matter of seniority the government should grant them at least sixty days' notice to kiss their families goodbye.

An hon. MEMBER: Too long.

Mr. HEENAN: Some of the single men think sixty days too long. If we sentence a man to be hanged in this country we give him a few months to make peace with the world, but here we are providing for the slaughter of thirty or forty thousand men and the minister is refusing to give them sixty days' notice. In this amendment I am not asking for compensation, so that my amendment is fair and reasonable. Suppose we adopted a system of compensation as between Canadian National and Canadian Pacific employees. We close shops in Halifax or Winnipeg on the Canadian National and operate Canadian Pacific shops. How are we to dovetail the men into seniority districts? How are you going to pay the pensions of these men? Take an example? Suppose you closed the Canadian National shops in one part of the country and transferred some of the employees to Canadian Pacific Railway shops. Who would pay them? Who would make provision for their pensions—because some might be on the verge of acquiring pension. These are matters that can be dealt with only between the men and the companies. Having regard to all the adjustments that they make between themselves, I am satisfied that these things could be satisfactorily disposed of much better between the men and the company affected than on the floor of this house. This bill provides that the companies shall do this without any consultation at all with the men; the men have not a word to say in the matter. I would point out to the minister that this is an act of parliament and not an ordinary agreement, and I would again ask him in all fairness to give some consideration to this amendment. I am satisfied that if it were accepted it would iron out a whole lot of troubles in the future.

Mr. MANION: I have no desire to be at all stubborn in dealing with the hon. gentleman's amendment, but I do not think it would advance the interests of the men. If it would do that I should be agreeable to it, but my best information is that it does not in any way protect them; on the contrary, it only complicates the legislation. At this very moment, while this legislation is being considered, before it has become law, the cooperative measures which we are now supporting are being carried on just as they have been for some years, though not to the extent that we should have liked.

An hon. MEMBER: Why bother with this legislation then?

Mr. MANION: Because the railways did not cooperate on a sufficiently extensive scale. That was the opinion of the Duff commission and it is equally mine. As soon as we came into power both the Prime Minister and I advised the Canadian National and the Canadian Pacific to cooperate more fully than they had done in the past, and they promised to do so. They did not do so however, each blaming the other for the lack of cooperation. That was the report I received, and the Prime Minister was informed likewise whenever the officers were spoken to about it. Each claimed that the other wanted the big share of the benefits accruing from the proposed cooperation. At this very time such cooperative measures are being taken, and arrangements with regard to employment are now in the hands of the union. I think my hon. friend will agree that when there is a dispute between one of the railways and the men as to seniority the union of the railway employees

concerned have a right to interview the officers of the company and argue the case, and in the last resort they now have the right to ask for a conciliation board. I think therefore that the men are amply protected. I do not see that my hon. friend's amendment would do more than complicate the measure and for that reason I regret that I cannot accept it.

Mr. HEENAN: I agree that the men are cooperating with the railways as they have done before, but I want to point out again to the minister that there is not now in force, nor has there ever been in force an act of parliament that precluded them from negotiating. Now, however, we are passing an act that practically precludes the men from having any say in the matter. It is provided that the railway companies shall make provision for a fair and reasonable apportionment. This is an act of parliament, and it makes all the difference. Prior to this time the men did cooperate and they would do so in the future were it not for the fact that we are now passing an act that precludes them from having any say.

Mr. MANION: This does not interfere with agreements between the men and the railways.

Mr. HEENAN: I am trying to point it out to the minister; it may take me a long time to do so but I think it is important that the minister should grasp the significance of it. The agreements between the railways and the men are agreements between the men and the individual company—an agreement, for instance, between the Canadian National and Canadian National men, or the Canadian Pacific and Canadian Pacific employees. In this bill we are giving running rights and providing for dovetailing and the merging of services, something entirely different from anything we have had before. Formerly it was an easy matter when a station was to be abandoned, or anything of that kind, for the men to get together with the company and make an adjustment; but now we are going to have Canadian National services merged with Canadian Pacific in some parts of the country and vice versa, and there is no agreement existing that safeguards the interests of the men in this regard. The more I think of it the more necessary an amendment such as I propose appears to be. What possible injurious effect could it have? When the railway companies are going to merge services or dovetail men or abandon some service, ought they not to give the men notice? What possible harm could that have?

[Mr. Manion.]

All they have to do is to advise the representatives of the men, as they have done for the last fifty years, that so and so is going to be done.

Mr. HEAPS: If I understand the amendment correctly the gist of it is that the men should be given sixty days' notice or sixty days' pay.

Mr. HEENAN: No, that is not the amendment.

Mr. HEAPS: Well, sixty days' pay in lieu of their services if they are not required.

Mr. HEENAN: No. I want the hon. member to understand my amendment. I am not talking about pay or compensation. There are certain things here which the railways have a right to do with regard to new companies, leases, entrusting agreements, or licences, or agreements for the pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph or other operating activities or services, joint trackage, running rights and so on. I am asking that the representatives of these men be given sixty days' notice before these measures are put into operation.

Mr. BOWMAN: Just what has my hon. friend in mind? He has mentioned certain things which I am sure his amendment does not cover.

Mr. HEENAN: If the hon. member will look at section 16—

Mr. BOWMAN: I have followed the section with my hon. friend.

Mr. HEENAN: —he will find that it reads:

> Without restricting the generality of the foregoing, any such measures, plans or arrangements may include and be effected by means of—
>
> (b) leases, entrusting agreements, or licences, or agreements for the pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph, or other operating activities or services;
>
> (c) joint trackage, running rights, joint ownership, or joint operating agreements, depending upon the nature of the property or services included in any cooperative plans.

Undoubtedly that means the merging of services which in turn will mean that a certain number of men will be put out of employment. As the hon. member for East Algoma has said, where 400 men have been employed, there might be only 300 retained. According to this bill the railroad companies are directed to apportion the work to the men on each

road and I want the companies to be obliged to give sixty days notice to the men before they put any measure into operation.

Mr. BOWMAN: Why?

Mr. HEENAN: So that they can do what they have been doing for the last fifty years, sit around a table with the railroad companies and adjust and agree upon seniority rights, fitness and other things. In that way the men entitled to work would get it while it would be just too bad for the others.

Mr. BOWMAN: A moment ago the hon. member pointed out that there might be adjustments to be made and I am pointing out that the amendment he has suggested would give no authority to the representatives of the men to arrive at any settlement. The amendment only provides that sixty days' notice shall be given before any plan, arrangement or measure shall become operative; it does not go nearly as far as the hon. member intimates he wishes it to go. He wants the men given authority to arrive at a settlement of the matters which might be in dispute. I agree with what the hon. member for North Winnipeg has said as to arriving at settlements. My reading of the section is that negotiations will be carried on between the representatives of the men and the companies as they have been carried on in the past. The old agreements are still in effect and what the hon. member has suggested should take place, will take place as it has been taking place in the past. The amendment gives no authority to the men to settle any differences, it calls merely for sixty days notice to be given prior to any arrangement or measure coming into effect. So far as I can see the bill as it now stands carries out the idea which the hon. member for North Winnipeg had in mind. The additional words contained in the amendment of the hon. member for Kenora-Rainy River do not add anything to the authority given to the men.

Mr. NICHOLSON: There seems to be a lot of confusion in connection with this question of allocation. As the section now stands it asks the railway companies to do something which they cannot do under the agreements as now existing. If this section passes in its present form it will prove to be a source of injustice to the railway employees. As I said a moment ago, many years ago I had some experience in endeavouring to graft the employees from one line into the ranks of the employees of another company. The agreement between the men and the company in one case is different from that in the other; in one case the seniority rights are spread out over a large area while in the other they are very limited. In the case of the amalgamation which has taken place in the services between Montreal and Toronto and Ottawa and Toronto disputes have arisen already. Under the terms of the agreements, no Canadian Pacific train crew can take a train out over the Canadian National line and no Canadian National train crew can take a train out over the Canadian Pacific line.

Mr. HEAPS: Has the hon. member any information as to the conditions now existing or complaints made with respect to the allocation of work on the Toronto-Montreal section which was recently consolidated?

Mr. NICHOLSON: It is not official, but I have received some from the railway employees. They tell me that they have not been able to arrive at a mutual understanding as to the number of men that should be employed from each company. It is not easy to get men to agree to step off a line to which they feel they are entitled in order that men from the other company may be given employment.

Mr. HEAPS: How could we do it here?

Mr. NICHOLSON: The only way is to clothe the representatives of the men with complete authority to allocate work. I think the hon. member for Kenora-Rainy River should have included in his amendment something similar to the following:

> In the event of disputes arising as to the equitable distribution of such employment between the employees of the National railways and the employees of the Pacific railways, accredited representatives of the different classes of employees involved shall be called upon to adjust such disputes.

That does not go a sufficient distance in order to make certain that it is going to be effective, because the representatives of the organizations will be up against the selfishness that can naturally be expected in the hearts and minds of the men. To make it effective they should be clothed with authority to enable them to refer the whole dispute to a conciliation board.

Mr. MANION: If I am not very badly mistaken, just what my hon. friend says should be done, will be done and must be done. In the matter of seniority rights, for example, the representatives of the men will meet the railways and discuss the situation, and if they cannot come to a satisfactory arrangement a conciliation board can be set up under the present law. This legislation will not take away that right in any way.

Mr. HEAPS: That is not a dispute between the railways and the employees, but a dispute between the employees themselves, and no conciliation board can be set up to settle a dispute of that kind.

Mr. MANION: If my hon. friend were a minister he would soon realize how many disputes there are amongst the men about seniority. How are we going to go into that in this parliament? That is something that we cannot decide. I receive letters every day from men complaining that they have been unfairly dealt with. In addition, we have what my hon. friend points out, two sets of railway unions in Canada. Is this parliament going to get in between those two sets, and decide questions of seniority? It is a most complicated question, and one that this parliament would do well to keep out of. This will neither start nor stop disputes. The disputes, as my hon. friend has said, started long ago amongst the men arguing over seniority rights, and I, as minister, who have nothing whatever to do with the matter, receive letters every day from men in different parts of the country complaining that they have been unfairly dealt with by the railway company or by their own organizations. We have also that dispute which has been going on for a year or longer as to the number of hours the men should work. This very day I received letters, as I do every day, about the number of hours the men should work per month.

I do not wish to interrupt my hon. friend, but while I am on my feet may I say that I cannot see how this legislation can interfere in any way with the agreements of the men. The hon. member for Kenora-Rainy River seemed to imply that this will interfere with the agreements between the men and the railways. I do not agree with that at all. My hon. friend said, if I understood him aright, that because the two railways would be working together, it would make the agreements with the men null and void. I do not agree with that contention. The men who have agreements with the Canadian Pacific will still have them, and they will have to settle their seniority rights with that railway, just as the National railway men will have to settle questions of their seniority rights with the National railway. That is the situation to-day.

I do not think my hon. friend from East Algoma is right when he says that the railways cannot run trains over each other's tracks. That is occurring to-day. On the Intercolonial, between Moncton and Halifax, the Canadian Pacific has the right to run its own trains over the Canadian National.

Mr. NICHOLSON: My hon. friend misunderstood me. I did not suggest that they could not run trains over each other's tracks, but that they could not take train crews from one line and transfer them to the other.

Mr. MANION: I did not suggest that. May I finish what I was saying? Suppose there is going to be a joint shop, that in a place where two shops have been operating it is decided to have one joint shop for the two railways. Both railways would have the right to the same number of men. Suppose one hundred men are required. They would be divided roughly, fifty from the Canadian Pacific and fifty from the Canadian National. Each railway would put in its own men. In reply to my hon. friend's question, I take it that these men would look for their pension rights to the company to which they look for pension rights to-day. There would be fifty men of the Canadian National and fifty of the Canadian Pacific working together in the joint shop.

Mr. HEENAN: Is the minister sure of that?

Mr. MANION: I am not. I am simply saying that that is probable. I am not endeavouring to work out nor do I believe this committee can work out, all the details. The railways are directed to work out these details in consultation with the men. This committee could not possibly go into such details.

Mr. HEENAN: The minister and I are coming very close together now. He says that the companies are directed to work this out in consultation with the men. All I want to do is to provide in the bill that they will consult with the men.

Mr. MANION: I do not think that they can do anything else but consult with the men, as they do now. The men's unions have their agreements with the railways and reference is being continually made to them. Every complaint that I get about seniority rights has reference to these agreements. I pass these complaints on to the railway generally without comment unless the case seems an extraordinary one, and then I would draw it more emphatically to the attention of the company and suggest that it should be looked into. The railways in every case point out that they have their agreements with the men's unions, and between the railway companies and the officers of the men's unions, the difficulty is worked out.

Mr. HEAPS: The minister has been good in giving information and in allowing clauses to stand for further information. I should like further information as to the effects of the consolidation of train services between Ottawa and Toronto, and Montreal and Toronto, and to know what was the apportionment of labour in that consolidation. The hon. member for East Algoma said that there was a considerable amount of dissatisfaction over it, and I expect a great deal of dissatisfaction when further consolidations of service take place in future because naturally every man laid off will have a grievance.

Mr. MANION: I agree with that.

Mr. HEAPS: I wish the minister would allow this clause to stand because in a very short time, perhaps to-morrow, he could show us how the consolidation took place on these lines and give us information as to the number of men affected and the number of men laid off. Perhaps we might be able to learn what arrangements the men's representatives made with the companies, and see whether it worked out all right. I hope the minister will be good enough to accept that suggestion and look into the matter.

Mr. HOWARD: The remarks which the minister made a moment ago cause me to say what I am now going to say. No matter what attitude we take on either side of the house or how we try to solve this railway problem, we are going to run into all kinds of difficulty, which has been the case ever since this bill was introduced. I have in my constituency two sets of absolutely opposing opinion. I have one set of people who right along have been favouring handing over the Canadian National to the Canadian Pacific as the only way to solve this railway problem. On the other hand, I have another group of people who are absolutely opposed to that idea. The funny part of it is that those who have been favouring amalgamation, now that they have had a chance to study this bill, are absolutely dissatisfied wth it because they say it does not mean amalgamation. There are others, and I am quoting this to show how strongly opinion runs, who happen to have been Liberals and who have stated to me that if the Conservative government solve this railway problem they will have to support the Conservative party for the rest of their lives. On the contrary, other people who are in favour of government ownership and against amalgamation are absolutely dissatisfied with this bill because the only thing they can see in it is amalgamation and the handing over of the Canadian National to the Canadian Pacific. I put that on record just to show that the more we study this bill the better we realize the opposing views that are held.

This bill was first introduced in the Senate. It passed the Senate and was introduced into this house as a non-partisan measure because the government did not want to take the responsibility for it until they had felt out the situation. Now the government is fathering the legislation. I think that right from the start, if we are going to maintain a democracy in this country, the government should have taken full responsibility for introducing this legislation into this parliament instead of letting it be brought in as a non-partisan measure.

May I put this on record? Here is what I believe will happen: You will have all sorts of dissatisfaction; the arrangement will not work out any more satisfactorily than it is working out at the present time; we will not effect the savings we expect, and there will be a great deal of dissatisfaction from people holding different views. It has been argued that the new arrangements will stop extravagance. Surely at this stage of the game, in 1933, after what has happened nobody will suggest that we need legislation to put an end to extravagance. The privately owned Canadian Pacific Railway will not go ahead with extravagant schemes, as they did in the past, any more than the Canadian National will. We were all guilty of it. I say we have to decide one of two things, either that we will maintain the Canadian National Railway as a government owned system, or place it under private control. If we maintain it as a government owned railway we cannot have private control. There is only one reasonable course to pursue, namely that the government railway must be in the control of the people's representatives. I support one hundred per cent the suggestion made by the hon. member for Quebec South to the effect—

The CHAIRMAN (Mr. Geary): We are discussing an amendment by the hon. member for Kenora-Rainy River.

Mr. HOWARD: Yes, sure we are.

The CHAIRMAN (Mr. Geary): Oh, you are?

Mr. HOWARD: Yes. I have supported right along the suggestion made by the hon. member for Quebec South to the effect that the salaries of trustees should be placed in the estimates. In that way we can maintain control, if we wish to have the national railways continue operation under government ownership. There have been many suggestions

in regard to handing over the Canadian National to the Canadian Pacific. Surely no one would suggest that we should hand over the government controlled railway, and assume its debts. We seem to be playing on both sides of the question, and getting nowhere. This is the way it is working out: A chap has a $5,000 mortgage on property valued at $10,000. The tenant moves out of the house, and takes his furniture with him. The mortgagee says nothing, because he is not interested. While the mortgage holder is away the man takes down the house and moves it off the lot. On coming back the mortgage holder finds he has a mortgage on a house that has disappeared. It seems to me we should take no action which would leave us in the position whereby we would be depleting a national asset, and at the same time have the liabilities, the mortgage and the interest to pay.

I should like to point out one or two matters which have come to my attention. I am not going to criticize extravagant expenditures, but there are one or two occurrences the public should know about in which the managements of both railroads are involved. For instance, I believe we are suggesting that there should be centralized control. What has happened in the past under that system? A few years ago we had in Sherbrooke the head office of a local railroad company. When we wanted a special train to carry a Sunday school picnic, or any other organization, we walked into the general manager's office and made arrangements. He knew the price to quote, according to the mileage travelled. Those arrangements could be made most satisfactorily to everybody. From the standpoint of the railway company the earnings were worth while and the public received good service. However, the railway companies on the North American continent—and I do not confine my remarks to Canada—seemed to think they had control of everything. With that in mind they formed the eastern passenger association. What followed? In the years following, when we went to get a special train or excursion rates, we were told by the local manager, "I am very sorry, but I shall have to communicate with Toronto" or, in some cases, Chicago, and the request was refused. For some fifteen years they have been following that policy, with the result that business left both railways. When truck competition arose the railway companies could easily have seen what was happening, but they chose to sit tight and do nothing. So much is this so that in the city of Montreal, for instance, a man in a taxi or cartage business could not back up to the railway station and take freight for delivery to a customer. He was entitled to take only his own freight. In other words the railways placed in the hands of whom they pleased the sole right to go to the freight sheds and deliver freight. These are conditions which have existed in the past, but which at the present time are changing.

Let us consider excursions. For years we have not heard of excursion rates. But under the conditions of necessity arising in 1933, what is being done? Just look at the excursions in these days. Hundreds of people who could not travel except under special rates are being carried between the larger centres such as Montreal, Toronto, Ottawa, Quebec and Sherbrooke. Those excursions are bringing back the real earning power of the railways. I am satisfied that the lessons the two railway companies have received will serve to correct a great many of their past faults, and bring them to their senses. With a different trade policy and with the increased trade, both foreign and internal, we can create revenues so that the railways can make some real profits.

I shall now discuss the question of seniority to which reference was made a few moments ago, and in that connection shall describe the situation in Sherbrooke. The Quebec Central closed its shops, and the men connected with what we call the running trades were moved. Repairs were done at the shops of the Canadian Pacific Railway. Those repairs which had been done in the Quebec Central shops have been brought uptown to the shops of the Canadian Pacific Railway. As the hon. member for East Algoma has said, there was a good deal of difficulty in adjusting the seniority standing of the men who were changed from one railway company to another. True, the men affected met officials of the Canadian Pacific Railway in Montreal, and made fairly satisfactory arrangements. The fact is however that there was no end of trouble. The meeting certainly could not solve the difficulties of the men who had been put out of work. Let us consider the pension situation the minister mentioned a few moments ago. I do not know how we can meet the difficulty, but I am telling the committee that when we have a man discharged who has served a railway company for twenty-eight years, a man who has only two years more to work in order to complete his pension period, a man who cannot draw his pension through no fault of his own, we are dealing with a very serious situation.

Mr. HACKETT: That is not restricted to any one class.

Mr. HOWARD: Certainly not, but in this bill we are not helping to remedy such situations. As I said before, and now repeat, personally I will vote against the bill. I should prefer not to have the bill pass, so that the situation may be left as it is. With voluntary cooperation, with the general trend toward economies and different trade policies which can be put into force to increase business, I believe we can pull out of the railway situation without passing a bill which in my view is neither one thing nor the other.

Mr. McINTOSH: Hear, hear; a little more tonnage is what we want.

Mr. HOWARD: A few evenings ago I picked up a copy of the Montreal Star, and noticed that in one month, February last, the net earnings of the Canadian Pacific Railway had dropped $132,825. In the same month the earnings of the Canadian National had dropped $812,506.

Mr. MANION: That was in a week, not a month. Both those figures referred to the drop in a week.

Mr. HOWARD: What is the reason for that decrease? Why should not the decrease be a little more proportionately divided? I admit that if mileage is greater there is greater opportunity for shrinkage in traffic, but if it is possible I should like someone to tell me why there is that difference between the falling off of the revenues in the two railways. There must be something wrong. Are we losing to the Canadian Pacific Railway business which should naturally go to the Canadian National?

Mr. MANION: Let me answer that question at once; it has been raised three or four times. I do not like the thought to go out that the Canadian National is getting any unfair deal. The Canadian National Railways has been holding its proportion of traffic in the past year, as large a proportion as in previous years. I have looked into that question and I find that is the case. Here is a statement issued recently: I will put the figures on record and I hope they will stop the implication going out to the people that in some unknown manner the Canadian National is getting an unfair deal and that the Canadian Pacific is stealing the traffic. I do not mean to suggest that my hon. friend was saying that, but the implication is in the question. Here is a report showing the percentages of total traffic, both passenger and freight, handled by each railway system for the twelve months of each year, 1928 to 1932 inclusive:

Year—	Canadian National	Canadian Pacific
1928..	51.8	48.2
1929..	52.6	47.4
1930..	53.0	47.0
1931..	53.8	46.2
1932..	53.1	46.9

This should stop any further suggestion or implication by anyone that in some way under this government the Canadian Pacific has been getting a greater share of the traffic than formerly. I point out that in 1932 the Canadian National got 53·1 per cent of the total traffic, and that in no other year except 1931 did it equal that. Its share in those two years surpassed 1929 and 1930 when my hon. friends were in power—I am not desirous of getting into a political discussion, but I want to clear this up. In other words, in 1931 and 1932 the Canadian National Railways had a bigger proportion of the traffic than in the three previous years. These are the percentages as officially published.

Mr. BEAUBIEN: Has the minister the passenger and freight traffic separately?

Mr. MANION: Yes, I have, but I do not want to put a lot of figures on record.

Mr. BEAUBIEN: May I have a copy some time?

Mr. MANION: Yes; I have no objection. If the committee want it I will put it on record.

Mr. VALLANCE: Has the minister any further information to give regarding the question asked yesterday about the transfer of mounted police from Regina to Saskatoon?

Mr. MANION: No. The fact is I have been driven pretty hard since yesterday; we had a railway committee meeting this morning and a council meeting at two o'clock, and this information is in the Justice department. But the fact remains that according to the official figures the Canadian National in the past two years has had a slightly larger proportion of the total traffic than it had in the three previous years, so surely the Canadian National is getting a fair deal. Every one who is fairminded knows it is getting a fair deal. I do not like the implication to go out that it is not—and it was more than an implication. The reason I looked this up—this is as foreign to the clause under consideration as was the speech of the hon. gentleman; he made a general speech, and this is general also—

The CHAIRMAN (Mr. Geary): Who said it was on the clause?

Mr. MANION: The reason I looked into this pretty thoroughly was that R. J. Deachman has been sending out literature through the west and made the absolute statement that we were sabotaging the Canadian National Railways. As a matter of fact he was not choosing his words very accurately, because if there were sabotaging it would be done by employees. He confused passenger miles with passengers carried and combined this and ton miles of freight into a sort of salad, and handed figures out to suit his purpose. Passenger miles and ton miles are simply work units employed by railways in the production of averages; the total passenger miles or ton miles cannot be cited as a measure of earnings. One railway might carry more passengers than the other and yet have fewer passenger miles, and the same is true of the freight tonnage carried. But he did worse than that. He set up 1922 as an index and for some years following he made use of statistics with respect to Canadian National traffic, secured from the annual printed reports of the railway, including United States lines. For other years he used statistics compiled by the Dominion Bureau of Statistics covering lines in Canada only. In short, he took what happened to suit his purpose and achieved the greatest conglomeration of misinformation and falsehood that a man could very well get together and he palmed it off on a lot of newspapers in various parts of Canada.

Mr. MACKENZIE (Vancouver): Tell us what he said.

Mr. MANION: I will read one or two sentences.

Mr. McINTOSH: He will have something further to say.

Mr. MANION: I have no doubt. He has been a hired writer for some years.

Mr. McINTOSH: And a good one.

Mr. MANION: Not about this; if he knows as little about the tariff as he knows about railway matters he is not very good. He may be in the judgment of my hon. friend—

Mr. McINTOSH: And in the minds of most people.

Mr. HOWARD: The minister is not answering my question.

Mr. VALLANCE: He must be fairly important for the minister to give him so much notice.

Mr. MANION: No, but I do not believe it is a good idea for anyone, whether Mr. Deachman or anyone else, to spread the poison—because it is mental poison—throughout the country that the national railway, owned by the people of Canada, is being crucified or wrecked by any government, whether this government or the late government.

[The Chairman.]

Mr. VALLANCE: Probably Mr. Deachman construed the figures differently from the minister, but what did the Minister of Trade and Commerce do on the budget speech?

Mr. MANION: I am afraid my hon. friend is getting far away from the point under discussion. I am not construing figures; I am giving facts. The statistics I have given show that the Canadian National has more than held its own in these years, and that is a complete answer to Mr. Deachman's statement. The figures are not mine; they are the figures of the railways themselves.

Mr. YOUNG: Would the minister mind giving us the figures Mr. Deachman used and telling us wherein they are wrong?

Mr. MANION: If the committee wants me to take the time I will do so.

Mr. POWER: Certainly; we have wasted a lot of time already.

Mr. CHAPLIN: I would not pay any attention to a mudslinger.

Mr. McINTOSH: Yes, I think it is a good idea to have your viewpoint now, and we will have Mr. Deachman's later.

Mr. HOWARD: I think the minister should be fair to me. So far as my statement is concerned I did not mean it as the minister has taken it—and then he quotes Mr. Deachman. I distinctly said I saw the item in the Montreal Daily Star.

Mr. MANION: That does not prove its truth.

Mr. HOWARD: No, but the hon. gentleman is the Minister of Railways of Canada. I admit he has not the power he should have, and that is one of the points I am arguing for; I claim that a minister of railways when he received a report like that should do what I would do if one branch of my business showed a deficit—investigate and ascertain the cause. When the statement goes out that the earnings of the Canadian Pacific have shrunk so much, and those of the Canadian National have decreased away out of proportion, the minister, if he had the control which he should have, should investigate and then he could answer such questions with the actual figures.

We must have either one thing or the other, either private ownership or public ownership, but not mix the two together.

Now I have not said a word on this railway bill until to-day. I thought that before the bill passed it was only right that I should give my opinion, because I believe that anyone who may represent the county of Sherbrooke in the future should know the view I took in connection with this bill. I am against every clause in the bill; I think the legislation is terrible, because it gets us nowhere.

Mr. HEENAN: The hon. member for Sherbrooke asked the committee to be fair to him. I ask the committee to be fair to the mover of the amendment now under discussion, because this clause represents about the only consideration that has been given the thousands of railway employees who are to be slaughtered by this measure. There are two classes in the bill relating to railway labour. When we go back to section 2, we will deal with one clause which in my opinion humbugs the railway men of this country because it means nothing in its practical working out. The other clause referring to labour is section 16, which we are now discussing, which provides that the railway companies shall apportion the work that is left among the employees of the two roads. That is the effect of it.

The hon. member for North Winnipeg moved an amendment this afternoon asking for compensation for those who might be dismissed, but that amendment was ruled out of order. Now I am asking that when this division of work takes place the representatives of the men should be given sixty days' notice before any new plan is put into operation. I ask the committee if that is unreasonable. I agree with the hon. member for Dauphin that I have not gone far enough; I agree that this might be regarded as a pious wish. I have eliminated many of the requests that have been made in this regard by the representatives of labour, and have only asked that they be given sixty days in which to say their prayers before being thrown into the gutter. Yet the Minister of Railways, who says he has a great railway constituency, refuses this request because he is afraid that in some way or other it may hurt the working out of some plan.

Mr. MANION: I say it is not necessary, that they are protected sufficiently now.

Mr. HEENAN: When the Minister of Railways says that, he does not know what he is talking about. I might say with regard to the Minister of Railways what he said concerning Mr. Deachman: If he knows as little about this bill as he knows about the working out of seniority and other rules, he knows very little. So far as I am concerned I do not propose to give way or to allow this measure to go through, so long as I can prevent it, without some specification as to the working out of this arrangement. The minister says that if the men cannot agree they can appeal for a board of conciliation. On what grounds could they appeal for such a board? Could they conciliate the laws of Canada? Under the Industrial Disputes Act provision is made for an appeal only in industrial disputes between the men and their employers. Here is a law of Canada; are the men to ask for a board of conciliation with regard to the provisions of an act of parliament? I cannot quite understand why the government does not jump to its feet immediately and say, "We will give these men sixty days in which to adjust themselves."

I am going to take a cue from my hon. friend from Dauphin and ask the hon. member for North Battleford to move an amendment to my amendment so that it will appear in Hansard for the assistance of the minister. I hope that even yet the government will accede to this request. This is not the only suggestion I shall make even in connection with this clause, but I may say to the minister that if this amendment is adopted it will eliminate many of the suggestions I have in mind. I am against the bill from cover to cover. I voted against the second reading and I may tell the minister that I am going to vote against the third reading if I am here.

Mr. MANION: I must say that grieves me terribly.

Mr. HEENAN: I want to ask how the Minister of Railways and some of the other hon. members, the hon. member for Winnipeg South Centre the hon. member for Brandon, the hon. member for Regina, the hon. member for East Calgary and others can rise in their places and vote in favour of throwing out of work thousands of men in their constituencies without even sixty days' notice. I will tell the hon. member for East Calgary that one of his back shops will be closed as surely as he is sitting here.

Mr. STANLEY: Nonsense.

Mr. HEENAN: I know it is nonsense to the hon. member because evidently he does not care a continental about his constituents. The two or three yards at Fort William and Port Arthur will be made into one; there is no doubt about that. The three yards in Winnipeg will be made into one; two of the

back shops in Winnipeg will be made one; two of the yards and the operating activities surrounding the terminals in Brandon will be made one. That will be the case also at Regina, Calgary and Saskatoon, and Sutherland will practically disappear. How the hon. members representing those constituencies can rise in their places and support a bill which directs the railroad company to do these things is something I cannot understand. I cannot even get support from these hon. gentlemen when I ask the government to insert a provision giving sixty days' notice to the men about to be slaughtered.

It is close to six o'clock, Mr. Chairman, and I would ask the minister to take this under consideration even yet. I know it does not go far enough, but the hon. member for North Battleford will move an amendment to my amendment which will cover the ground suggested by the hon. member for Dauphin, and I hope the hon. member will support it.

Mr. McINTOSH: I am pleased to move the amendment referred to by the hon. member for Kenora-Rainy River. His amendment will be found at page 4089 of Hansard; it reads as follows:

That there be added after the word "arrangement" at the end of subsection (1) the following words:

"But in no event shall such measure, plan or arrangement become operative until the representatives of the employees affected have been given sixty days' notice.

I move that the amendment be amended by adding thereto the following words:

—and endeavour to agree with such representatives to an adjustment of the seniority or rights to work of the employees affected thereby.

Mr. POULIOT: In the report of the royal commission, at page 60, there are a few lines with regard to contractual relations with labour. Paragraph 191 reads:

With the continuance of good relations between the management and employees of both systems, and a frank recognition of the serious financial situation, much can be done to ease the position of the railways, without imposing any undue hardship upon the employees.

The report is dated September 13, 1932, and since then the position of many employees has become a good deal more serious. If the employees do not all complain at the same time it does not mean that they are not suffering.

I had occasion to write to Mr. Hungerford on December 1, 1932, the following letter after I had asked certain questions in the house. I will read the letter:

[Mr. Heenan.]

Mr. S. J. Hungerford,
Acting President,
Canadian National Railways,
Montreal, P.Q.

Dear Mr. Hungerford,—

On October 28th, Hansard page 696, I asked the following questions:

1. Up to what age and after how many years of service can an employee be appointed permanent in the locomotive and car department of the Canadian National Railways?

2. Can a temporary employee replace such a permanent employee in said department?

3. What is the schedule in force as regards the appointment of permanent and temporary employees and the right to seniority of each in said department?

The Hon. Minister of Railways answered me thus:

"This question refers entirely to the internal management of the railway. The government has no information whatsoever in regard to the matter and I would suggest that if the hon. member would address his question to the railway company, they would probably be glad to give him any information he desires."

On October 31st, I brought the above to your attention and asked you to give me that information.

On November 3rd, you wrote me that the schedule in force does not specifically cover my questions.

This is the letter from Mr. Hungerford:

Canadian National Railways,
Montreal, Quebec,
November 3, 1932.

Dear Mr. Pouliot,—

This will acknowledge receipt of your letter of October 31st. The schedule in force does not specifically cover your questions.

If you care to let me have the particulars of any case you are interested in I will be pleased to ascertain what regulations are applicable.

Yours faithfully,
S. J. Hungerford,
Acting President.

Jean-François Pouliot, Esq., K.C., M.P.,
House of Commons,
Ottawa, Ontario.

My letter continues:

On November 3rd, I tried to combine those three questions in the following one: What is the difference between a permanent and a temporary Canadian National Railways' employee and on what conditions does a temporary employee become permanent?

Since then I have received your two letters of November 14th and 30th, your file 330-427 PO, but my question is not answered in either letter.

Does the Canadian National Railways management make a difference of any kind between temporary and permanent employees especially with regard to seniority rights? The answer to that question would be yes or no and I want to know it.

Now, if the above answer is affirmative, what does the management consider as the difference between a permanent and a temporary employee and on what conditions

does the management appoint or promote a temporary employee as permanent?

If the schedule in force does not specifically cover my questions, the management must have issued some orders or there must be some regulations of some kind in that regard.

Therefore, I will be very thankful to you to supply me with that information.

With thanks,

Sincerely yours,
Jean-François Pouliot.

P.S.—Please send your answer to the House of Commons, Ottawa.

The reply reads:

Canadian National Railways,
Montreal, Que.,
December 6, 1932.

330-427 PO:

Dear Mr. Pouliot,—

I have your further letter of December 1st and note your specific question:—

"Does the Canadian National Railways management make a difference of any kind between temporary and permanent employees especially with regard to seniority rights?"

The answer to the above question is in the affirmative. In reply to your further question I would state that a permanent employee has seniority rights, etc., which a temporary employee has not.

A permanent employee is assigned to regular work, whereas a temporary employee is used only for intermittent jobs that may arise from time to time. In the locomotive and car departments the wage agreement provides that an employee who has been in the service of the railway over thirty days shall not be dismissed for incompetency nor be discharged for any cause without his case being given an investigation. This thirty day period marks the recognition of the rights of a permanent employee.

Yours faithfully,
(Sgd.) S. J. Hungerford,
F/E Acting President.

Jean-François Pouliot, Esq., K.C., M.P.,
House of Commons,
Ottawa, Ontario.

I do not wish to take up the time of the house now discussing this matter but I will ask the minister this question. Will this bill allow anyone to submit grievances to the board of trustees in order to have them redressed?

Mr. MANION: I regret that I did not hear all of the hon. member's remarks. I could not follow the letters he was reading, being distracted at the time.

Mr. POULIOT: The minister is familiar with the whole situation because I sent him copies of my correspondence with Mr. Hungerford. I am not discussing any particular case now, but I want to know whether, should employees complain of grievances, they will have the right under this legislation to submit such complaints to the board of trustees for redress.

Mr. MANION: Generally speaking, neither the directors of the Canadian National nor those of the Canadian Pacific take any part in the disputes between the men and the management; that is usually regarded as distinctly a managerial affair. From Mr. Hungerford, of the Canadian National, and Mr. Grant Hall, of the Canadian Pacific, down the line of officers, the management in both companies deal with the men because the directors do not understand the complications of the agreements between the unions and the companies. Generally speaking, disputes between individual men and the company concerned go no higher than Mr. Hungerford as vice-president and general manager of the Canadian National and Mr. Grant Hall, vice-president and general manager of the Canadian Pacific. Neither the trustees nor the directors would be capable of dealing with such questions and that is one of the reasons I have endeavoured to keep away from such matters.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. POULIOT: Just before six o'clock the minister told us that when an employee had any complaint to make, it was referred to the management of the railway through the brotherhood. However, there are some employees who do not belong to a brotherhood. In certain parts of the country, especially along the old Intercolonial, railway employees are in the habit of coming to their member of parliament for assistance in cases of trouble. This afternoon the hon. member for East Algoma referred to human nature. Men are not perfect and they sometimes make little mistakes. I do not consider it to be political interference for a member of parliament to intervene with the management on behalf of an employee who has been charged with drunkenness or something of that kind. I have followed this practice ever since I was elected and I am not ashamed of it. These men have always come to me for assistance, and it never made any difference whether they were Liberals or Conservatives. I investigated their cases and drew up briefs to be submitted to the management. I was not always rewarded with gratitude but I felt I was doing only my duty. The only time I was ever insulted during an election was once by a Tory whom I had had reinstated in the employ of the railway. I recall another instance where a man was

accused of being drunk while on duty. I went with him to see the superintendent who gave him a calling down and he was finally reinstated because of his family and upon the promise of behaviour in the future. On the station platform he wanted to kiss my hand after he found he was to be reinstated, but I would not stand for such a demonstration. But a few months afterwards he voted against me.

An hon. MEMBER: He kissed someone else.

Mr. POULIOT: I recall another instance where I had a man reinstated and when I visited the polls in my home town I found him representing my opponent. Some years ago there was a rumour that the shops at Rivière du Loup would be closed. I at once wrote to the former Minister of Railways, Mr. Dunning, and stated that I would object very strongly to the reengagement of Sir Henry Thornton if my people did not receive justice. I sent copies of that letter to the members of the cabinet. I met Sir Henry Thornton in Montreal with Mr. Hungerford and Mr. Appleton and in my presence Sir Henry told Mr. Appleton that I should have justice. After several trips to Montreal I was able to find out definitely that the shops would not be closed.

There was another man who had twelve or fourteen complaints made against him. This man had been most unfair to me upon a previous occasion but when he came to me for assistance I wrote to the management. Because of the numerous complaints, the management did not feel like reinstating him. He telephoned me to ask for another recommendation. I refused to give it to him, but immediately sent one to a friend of mine who lived in his vicinity and told him to tell the man not to speak to me again but that I was ready to assist him provided that such assistance was asked for by someone else. Every member of parliament should be ready to assist any railway employee who is in trouble or who has not been treated fairly either by the brotherhood or by the management. I do not intend to recite all the cases of injustice to railway employees in my district but in endeavouring to help these men I have made no difference between Conservatives and Liberals.

When a man once has a job, every effort should be made to see that he retains it. When an opening occurs we can favour our political friends, but I do not think any effort should be made to replace a man already in a position. These men rely upon their jobs for their living and they should not be displaced because of political considerations.

I do not intend to propose any amendment before asking the minister if he would accept an amendment to section 16 to provide that the trustees shall investigate and reconsider every case submitted to them by a member of parliament.

Mr. MANION: I do not think it would be possible for the trustees to do that because it would mean that their whole time would be taken up in the consideration of these cases. During the last three years since I have been minister I have received complaints practically every day from men who felt they were not getting a fair deal from either their own union, some other union or the management of the railway. It is the duty of the managing officers of the railway to consider such cases. I do not think the trustees should be asked to deal with matters of this kind. I have no reason to believe that the officers of either railway have any desire to do other than to give the fairest consideration to every case with which they have to deal. Of course the personal equation enters into the matter but I do not believe they have any desire to be unfair. I am sorry I cannot offer any encouragement to my hon. friend in regard to the matter he discusses because I do not think it would be fair to the trustees. I believe it would detract from the possibility of their doing good work from a business standpoint for the Canadian National Railways.

Mr. MITCHELL: I quite agree with the minister, that it is an absolute impossibility for this parliament to interfere with the seniority rights of the railway men. They have their agreements and the necessary machinery to deal with a matter of that kind. Reading the clause before us as it stands, I do not think it means anything, and I believe that something is needed along the lines of the amendment which has been moved by the hon. member for Kenora-Rainy River to give what I consider very necessary protection to the men who might be involved in any cooperative effort by the railways of this country. The section is not mandatory. It simply says that they shall endeavour to provide as a part of such measure, plan or arrangement, for a fair and reasonable apportionment as between the employees of the National railway and the Pacific railway. In my judgment that would place too much power in the hands of the management. The amendment gives the necessary opportunity

to the men's representatives to meet with the management, and if necessary have a board of conciliation set up.

It is absolutely essential that there should be a clear definition of the rights of the men in this regard. The way I construe the section is that the railways themselves have absolute power, and can ignore the existing arrangements between the men and the railways, because, since this is an act of parliament, it would take precedence even over the award of a board of conciliation. The minister would be well advised to incorporate in this section the idea expressed in the amendment of the member for Kenora-Rainy River. From my practical experience in many years of negotiating agreements between men and employers I can say that the question of seniority rights stands out even above that of wages. Men are deeply concerned over their seniority rights and more trouble is experienced in negotiating the seniority rights of the men than in negotiating wages and working conditions. I think we should see to it that these rights are protected prior to the passage of this bill into law. I am not unmindful of what the minister said this afternoon that in the practical application of this legislation amendments may be found necessary, but I would rather see the amendments made now than take a chance on making them after the railways have probably got into difficulties with the employees over this particular section.

Mr. HEENAN: I had hoped that after the recess the minister would have been in a position to say that he accepted both the amendment and the amendment to the amendment, because I think it is only fair and reasonable. The amendment provides that the men shall receive sixty days' notice in any readjustment of the railway services in this country. It is quite evident from the silence of the minister, however, that the government is not prepared to accept the amendment; consequently I hope that more members on this side of the house will take part in the discussion in appealing to the government for a square deal for the railroad men of this country.

Here we are with a measure before us that contemplates throwing out of employment thousands of railroad men, and yet the minister and the government practically refuse, or have done so up to the present, to allow the men to be given notice so that they can readjust their working arrangements with the company. I wonder if the minister is not now prepared to close me off by saying that he will accept my amendment even though he reduces the sixty days to fifty, or even forty. If only the railroad men of this country could look in at the spectacle that is presented in this house at this moment and see how they are being treated by the government!

Mr. HANSON (York-Sunbury): Cheap stuff.

Mr. HEENAN: That is all they have ever got out of the Conservative party, just what they are getting now; they never got anything else. Here we have a commission appointed to investigate all the ramifications of the railway situation in Canada, and not one solitary railroad man in Canada was appointed to that commission. Instead, two gentlemen were chosen whose appointment was protested by the railroad men of this country on the ground that with their appointment the railroad men could not expect a square deal. In the Duff report we have a reflection on the railroad men of this country.

Mr. MANION: Quote it, please.

Mr. HEENAN: On page 60 of the Duff report, dealing with the contributory causes of the position of the railways in Canada and mentioning the contractual relationship between the railroad unions and the railroad companies in Canada. Mr. Loree was appointed to that commisison and from the very first day of its sitting to the last he suggested that we cut down the railroad men's wages in this country to the level of 1911 or 1913. Is it any wonder that the railroad men of this country have protested against that gentleman's appointment? I shall not say anything about the one Canadian whose appointment has been reflected on by members on this side of the house, but with reference to Mr. Loree's appointment I say that the wages and working conditions on his road are worse than on any other railroad in the United States, and many of the men to-day fear that he is going to be the chairman of the board of trustees of the Canadian National.

An hon. MEMBER: He is across the line.

Mr. HEENAN: You sent for him from across the line. We have had enough of him if you have. I read in the papers only a few days ago of some very prominent gentlemen from this side of the canal going across to the other side. I am not reflecting on conditions across the line; there is no doubt that the government is now trying to do what the Liberal party tried to do in 1911.

There are two clauses in the measure before us referring to railroad labour. One of them

I called humbug this afternoon, because in its practical application it can be very little less than humbug.

Mr. POULIOT: It is less than humbug, it is just bug.

Mr. HEENAN: The hon. member for North Winnipeg moved an amendment providing compensation to the men who would be dismissed. That amendment was declared out of order. I notice that every member on the Conservative side supported Mr. Speaker. No doubt some of them will go out to their constituencies and say they did not vote against compensation, but voted to sustain Mr. Speaker's ruling. So far as I am concerned they voted against compensation to dismissed railroad employees. When my right hon. leader one day this week moved an amendment to the effect that one of the trustees should be a railroad labour man, or a man representing railroad employees, that amendment also was defeated by the Conservative party.

Now we come to another amendment, the only one left to discuss. It provides that when these men are to be slaughtered they be given sixty days' notice in which they can say "God bless them." The government is not prepared to grant even that. I wonder if my hon. friends in this corner of the house will sit idly by, as they sat this afternoon, and tolerate a slaughter of 20,000 men, without raising any opposition. The Prime Minister may smile and laugh—

Mr. BENNETT: I am laughing at the hon. member's language.

Mr. HEENAN: It is the only language I have.

Mr. BENNETT: "Slaughter."

Mr. HEENAN: If the Prime Minister would only use his influence and pretend, as he did in the maritimes, that he would break these big freight trains into two and double the crews as he promised in 1930, then he would be doing something for the railway people of Canada. You will find it in the Halifax Herald of July 10 of that year. He is reported as saying, "Until this depression is broken I will break these big freight trains in two; I will give work to double the number of train crews and engine crews."

Mr. BENNETT: Did you ever see that?

Mr. LAPOINTE: Yes.

Mr. HEENAN: "I will restore all these branch line passenger trains, and give more men work." Yes, it is reported in the Halifax Herald of July 10, 1930. The Minister of Labour said it could not be done, but Mr. Bennett said it would be done if he were elected on the twenty-eighth. Now I am appealing to his Minister of Railways to give these men sixty days' notice in order to enable them to adjust themselves. The government will not agree even to that. Will the Minister of Railways now say he will give us fifty days instead of sixty?

Mr. LAPOINTE: Be kind.

Mr. MOTHERWELL: Have a heart.

Mr. HEENAN: The Minister of Railways says that the men will adjust their grievances in the same old way. He overlooks the fact that he is passing legislation which will prohibit them from adjusting their grievances in that way. He says: "Well, if there is any dispute the men will apply for a board under the Industrial Disputes Act." Did you ever hear of a commission being appointed under the Industrial Disputes Act to settle a grievance which, as a matter of fact, is part of the law of Canada? What could any Industrial Disputes Act, or a board functioning under that act, do, when there is an act of parliament legislating on the point at issue? Could the board override the legislation? The act of parliament says what? Probably I had better read it; the Prime Minister or the Minister of Railways may be able to tell me what it means. The part of section 16 I should like to have explained is as follows:

> . . . directed to attempt forthwith to agree and continuously to endeavour to agree, and they respectively are, for and on behalf as aforesaid, authorized to agree.

That is the language appearing in the bill. Evidently it has been placed there by some eminent lawyer, and after reading this part of the section I believe I need not apologize for my language. If I do not use proper language it is because I have been reading this bill so much. We find the expression "to attempt forthwith to agree." To agree to do what? After they agree to amalgamate the railroads of Canada, that is what it is. Will the Minister of Railways tell us what rights the railroad men will have after the new amalgamation? Could the new company not say: "You had rights under the Canadian Pacific and under the Canadian National, but under this new company you have neither seniority nor rights." Subsection 2 further provides that plans or arrangements made may be effected by means of "leases, entrusting agreements, or licences, or agreements for the pooling and

division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph or other operating activities or services." They have the right to use joint trackage; they have the right to use running rights over one road or the other. There is provision for joint ownership,—and yet the Prime Minister says it is not an amalgamation We find the expression "joint operating agreements, depending upon the nature of the property or services included in any cooperative plan." Yet, while these companies are authorized to enter into all these ramifications, all my amendment does is to ask that the men be given sixty days' notice so that they may make some adjustment of their services.

Mr. CHAPLIN: You suggested forty days a minute ago. Why not auction it off?

Mr. HEENAN: I wonder if the Minister of Railways will listen to the appeal, and if sixty days is too long, make provision for fifty days.

Mr. CHAPLIN: Auction it.

Mr. HEENAN: Or forty days.

Mr. CHAPLIN: Auction it off.

Mr. HEENAN: I wonder if the Minister of Railways will agree to give one day's notice, or is he going to sit still like the rest of the government and say that they do not give a continental what becomes of the railway men in Canada.

Mr. GEARY: Nobody has said that.

Mr. HEENAN: Nobody has said that, do you say? By their silence now, hon. members opposite say nothing else. I say that; if nobody else says it, I will say it.

Mr. LAPOINTE: Hear, hear.

Mr. HEENAN: I say that the government of Canada and the Conservative party does not give a continental what becomes of the railway workers.

Mr. SPENCE: Nobody believes you.

An hon. MEMBER: You do not know what you are talking about.

Mr. HEENAN: And they never did. If I did not know what I was talking about any more than the hon. member who has just spoken, I would go back and resign my seat.

Mr. BENNETT: The seat is vacant, then.

Mr. HEENAN: In 1921, just before the Conservative party left power, the railroad men had to take a 12½ per cent reduction in wages. Since that party have come back they have had to take a 10 per cent reduction, and now the railroads are demanding a 20 per cent reduction.

Mr. HACKETT: Who is responsible for the cut in the United States?

Mr. HEENAN: I heard the Minister of Railways suggest that the government of Canada had nothing to do with the reduction of wages of railroad men. I say that is not true; they are responsible for it.

Mr. MANION: Mr. Chairman, I resent that; I object to it. I have stated that the government of Canada have nothing whatever to do with the cut in wages of men on the railroads, and I repeat it. I object to the hon. gentleman making statements which are untrue. An hon. gentleman from the back concessions may be as irresponsible as he likes, but not in the house.

Mr. HEENAN: I ask you, Mr. Chairman, to call the Minister of Railways to order. I have the floor and I will relinquish it to no man. I repeat what I said, that the government of Canada is responsible for the initiation of this 20 per cent reduction.

Mr. MANION: That is not true.

Mr. HEENAN: Who is it that initiates a reduction in wages in any corporation? The directors.

Mr. MANION: The directors did not.

Mr. HEENAN: And the directors of the Canadian National Railways, the deputy minister representing the minister—

Mr. BENNETT: Mr. Tom Moore, you mean?

Mr. HEENAN: —initiated this 20 per cent reduction.

Mr. MANION: He did nothing of the sort.

Mr. HEENAN: That is quite in line with what was done in 1921. The Minister of Railways and the government and the leader of the Senate glorified the great savings that were taking place under the jurisdiction of the present Minister of Railways, and he got credit for it all. You have to take the bitter with the sweet. The Minister of Railways said he reduced the salaries of the heads of these railroads; yes, and he is reducing in a more insidious way the wages of the rank and file of the railroad men of the country. The Prime Minister said in this house when he introduced the ten per cent reduction in civil service salaries that someone had to take the lead in this country, and everyone has been following the lead of the Prime Minister in the reduction of wages.

I ask the minister now—I pleaded with him most humbly all yesterday afternoon; I pleaded with him this afternoon until I saw that the minister was decided—or the government, I suppose I should not blame the minister any more than the rest of the government—not to give the railroad men of this country a chance. Now I have to use the only language that seems to be understood by the members of the Conservative party. Amalgamation never, competition ever! Yet we have a bill here that is nothing more or less than amalgamation of the railroads of Canada. Pooling of freight, pooling of pssengers, pooling of earnings—what is left?

Mr. MACKENZIE (Vancouver): Pooling the public!

Mr. HEENAN: Fooling the public! It is a bill to fool the public of Canada, because it is an amalgamation. The minister says that the railroads always treated their men well. Of course they did, until the minister or the government introduced a bill here to prevent them from doing so. The men can get along with the railroads. I have shown how impossible it is from a practical standpoint to work out this provision. The Prime Minister and the Minister of Railways may be able to tell me whether the t's are crossed or the i's dotted or the sentences correctly punctuated, but as far as the practical operation of this bill is concerned—and in this respect I take my hat off to no man in Canada—how can you take men out of the Canadian National shops in Toronto and balance it by taking men out of the Canadian Pacific shops in Winnipeg? How are you going to dovetail these men in according to seniority unless the men sit down and agree with the company? Who is going to decide whether the Canadian National or the Canadian Pacific is to be responsible for the payment of those men's wages? Who is to be responsible for their pensions—because many of them are on the verge of getting pensions. All these things have to be ironed out. Yet the government will not even give the railroad men of Canada one day's notice so they might sit down with their employers; instead they would pass an act of parliament practically prohibiting the railroad men having any say in the matter. If I feel pretty strongly on this it is because I have worked with these men for thirty years. I have never been a salaried officer of any brotherhood or organization and never will be, but I am saying what is in my heart—

An hon. MEMBER: Your gizzard.

[Mr. Heenan.]

Mr. HEENAN: I know that hon. gentlemen on the other side do not understand what a heart means when you speak of labour men; but let them go into that part of the country where I was this week end and see these men with $1,500 or $2,000 or $3,000 invested in a home, not knowing but what next week they may be on the street, many of them approaching fifty or fifty-five years of age, wondering how soon they are going to be out of a job. And I am telling you that 20,000 to 40,000 are going to be thrown out. Talk about a heart! Why, you men on that side of the house that vote for such a measure as this have no heart.

An hon. MEMBER: Only a spleen.

Mr. HEENAN: No, they have not a spleen or they would not vote for such a measure. Again I ask the Minister of Railways and the government of Canada—and I ask the members on this side of the house to make an appeal and see if we cannot touch the heart of the Prime Minister—

An hon. MEMBER: Impossible.

Mr. HEENAN: —to make an appeal and show the railroad men of Canada that there are some in this house who feel for them and will uphold their rights. Before I sit down I am going to ask the Minister of Railways again, if he does not like the sixty days, will he give us fifty or forty days?

Mr. BENNETT: Peradventure there will be ten righteous men!

Mr. HEENAN: I do not know what the Prime Minister is muttering.

Mr. BENNETT: I say peradventure there are ten righteous men, and the city will be saved.

Mr. HEENAN: I do not hear even yet. Yes, we have rights, but the only rights that are taken into consideration are the rights of the men who lend the money, the moneylenders of New York. These are days of sacrifice, we all know that; but have we to sacrifice human beings in Canada so that the moneylenders of New York may get their last pound of flesh? It is about time the government of Canada told these moneylenders: "You have had your innings, and before we sacrifice the lives of the people of Canada you will have to wait a year or two for your interest." Sacred contracts! Yes we hold contracts sacred, but the men who invested their lives in these railroads also invested them in good faith. These railroads

were constructed, as I said before, after the parliament of Canada had granted authorization to construct them. Parliament should have taken into consideration whether or not the railroads were likely to pay, what lines were likely to compete against them, and so on. After these charters were granted the boys left their farms and their homes and entered the service of the railways. During the war they were called our civil heroes because they promised the government that not a wheel would be stopped during the war no matter what might be their grievances. Our big daily papers carried headlines stating that these were our civil heroes, the men of sanity and so on. Well, they are receiving their compensation to-day. I wonder if there is any one else ready to speak?

Mr. MOTHERWELL: You seem to be stumping anyone on the opposite side.

Mr. HEENAN: I do not expect any hon. gentleman opposite to rise, except the hon. member for East Algoma, who is my only champion over there. On the second reading the hon. member for Dauphin said that if he thought this measure would throw railway men out of work he would not vote for it. Let him read the bill; it is nothing more or less than an amalgamation of the railways of Canada, and if it does not throw from twenty thousand to forty thousand men out of work what will it do? Let me read those sentences again, and ask what they mean if not amalgamation. This section provides that arrangements may be made for:

(a) New companies controlled by stock ownership, equitably apportioned between the companies;

(b) Leases, entrusting agreements, or licences, or agreements for the pooling and division of earnings arising from the joint operation of any part or parts of freight or passenger traffic, or express, telegraph, or other operating activities or services;

(c) Joint trackage, running rights, joint ownership, or joint operating agreements, depending upon the nature of the property or services included in any cooperative plan; and

(d) Joint or individual highway services, or highway and railway services combined, in any form.

Then if you turn over to the section dealing with the arbitral tribunal you will find that the government gave the tribunal a little more power. Listen to this:

—the power and jurisdiction of tribunals shall extend to—

(a) joint use of terminals;

(b) running rights and joint use of tracks where there are actual or functional duplications, or where such may be avoided;

(c) control and prohibition in respect of the construction of new lines and provision of facilities and additional service—

(d) joint use of facilities—

(e) abandonment of lines, services or facilities;

(f) pooling of any part or parts of freight traffic or of passenger traffic; and

(g) things necessarily incidental to the above enumerated matters.

If any hon. gentleman opposite can coin a better phrase than amalgamation I should like to hear it. Then when an hon. member gets up to speak he is heckled and chewed at, with ignorant sneers coming from the Conservative benches because he tries to defend the working men of this country. The Minister of Railways, together with the other members of the government, sits idle, lounging back in his chair, without offering a suggestion of any kind. The only suggestion to come from hon. gentlemen opposite was offered by the hon. member for East Algoma, yet hon. gentlemen opposite will go to the railway men during the next election and say they made jobs for them. This government was elected to end unemployment, but here they are creating unemployment by an act of parliament. Of course this is not the first measure they have put through which has had that effect; we have seen their tariff measures and their actions in regard to the civil service. Practically every act of parliament they have put through has created more unemployment. I asked the Minister of Railways to accept an amendment which would give these men sixty days' notice before they were thrown on the streets, but he refused. I asked if he would accept fifty days, or forty days; I asked if he would give them one day, but he remained silent. I hope this parliament will not allow this measure to go through until some provision such as I have suggested is included in order to protect the railroad men of this country.

Mr. MANION: At this stage of this debate I do not intend to take up much of the time of the house in replying to the irresponsible misstatements of fact made by the hon. member for Kenora-Rainy River. My hon. friend's methods of attack are always the same; anyone who has sat in the house with the hon. gentleman for the last few years realizes that his method is to put on record as many misstatements and as much abuse of his opponents as possible, quite irrespective of the facts of the case. Then he reads them in the back concessions, when he goes to attend political meetings, and tries to show how quietly we sat in our places and took it from him. The hon. member's object to-day is obvious to anyone who knows him; it is to make himself appear the great champion of labour, and to have it seem that none of the

rest of us has any regard at all for labour. He even attacked his own party because they did not support him, when as a matter of fact most of them were laughing at him.

My hon. friend's very first statement tonight was that the Duff commission had belittled or reflected upon labour. I asked the hon. gentleman in what section that appeared, and he said in section 6. There are several sections 6 in the report, and there is no reference in any of them to labour. The only reference I can find is in section 5, and I presume that is what the hon. gentleman had in mind. I intend to read that reference; it is very brief, and I should like the house to judge as to whether or not it contains any reflection upon labour. As a matter of fact it compliments labour, and so far as I know it is the only reference to labour in the entire report. I read section 5, paragraphs 190 and 191:

190. The wages and conditions of employment of a large majority of the employees of both railways are fixed by agreements with the trade unions concerned. A majority of these employees are members of trade unions which include not only employees of the railways in Canada but also of the railways in the United States. Whether by reason of this close affiliation, or for other reasons, it is the fact that the wages and conditions of service of railway employees in both countries are substantially on the same basis.

Listen to this:

In recent months the wages of the officers and employees of both systems have suffered certain reductions which have eased the burden upon the railways, and it is satisfactory to record that these changes have been made without any disturbance.

191. With the continuance of good relations between the management and employees of both systems, and a frank recognition of the serious financial situation, much can be done to ease the position of the railways, without imposing any undue hardship upon the employees.

Would anyone say that there is a word of anything but commendation for the railway men in that reference to labour? So far as I know that is the only reference contained in the entire report to the labour situation.

Mr. MACKENZIE (Vancouver): You are wrong there.

Mr. MANION: If my hon. friend has been able to find any reference reflecting on labour I should like to have him read it.

Mr. HEENAN: Very well; I would refer to the paragraph headed "Contributory Causes of the Railway Problem," which is chapter IV, appearing on page 53.

Mr. HACKETT: What section?

Mr. LAPOINTE: Look at your copy.

[Mr. Manion.]

Mr. HEENAN: Paragraph 155:

Contributory Causes of the Railway Problem

1. The over-development of railways beyond the immediate needs of the country.

2. Aggressive and uncontrolled competition between two nation-wide railway enterprises, a competition the more disastrous in that one of the competitors was publicly-owned and supported by the full resources of the Dominion.

3. The reactions of the world trade repression which began in 1929 and has progressively increased in its severity with each succeeding year.

4. Competition from other forms of transport, notably road transport.

5. Inelasticity of freight rates and railway practice generally which prevents prompt action in the meeting of falling revenues and dealing effectively with competition from other forms of transport.

And listen to this:

6. Contractual arrangements with labour organizations which set up a rigid wage scale and inflexible labour practices generally.

Mr. MANION: There is no reflection in that.

Mr. HEENAN: No reflection in that?

Mr. MANION: No, there is not.

Mr. HEENAN: Well, according to the Duff report that is one of the contributory causes of the railway problem.

Mr. MANION: The hon. gentleman has read the part of the report that is of interest. He has brought out the reference in it that I had not found, but I do not admit that there is any reflection upon labour in that reference to contractual relations. The hon. gentleman this afternoon was very abusive in his remarks with reference to the conciliation board which it was indicated might be set up in connection with seniority, and he made any number of statements regarding myself which were anything but flattering. Indeed, he indulged in so many abusive adjectives that I hardly remember them. He spoke of my stupidity, and so on. I understood him to take the attitude that a conciliation board could not be set up in connection with seniority matters. May I ask him whether that was a correct understanding of what he said.

Mr. HEENAN: In connection with this bill.

Mr. MANION: That is a different matter. I do not admit that this bill changes the position of labour at all. I do not need to cite it, but in the Montreal agreement dealing with the seniority of employees a conciliation board was set up under the Lemieux Act to take into consideration the very subject which the hon. gentleman this afternoon railed at

me for having mentioned. That was dealt with in the Montreal agreement.

Mr. HEENAN: I said that after the passage of this act the position would be changed.

Mr. MANION: I do not admit that the passage of this legislation will affect it. I submit that if the hon. gentleman had taken the attitude which other hon. gentlemen opposite have taken throughout this discussion the committee would make better progress. After all, we need not get into any serious row about it; we do not need to abuse one another. Surely we can all hold our opinions honourably and tenaciously without resorting to abuse. This discussion has gone on now for two weeks, including the second reading of the bill and its consideration in committee, and practically no personal abuse has been indulged in nor has any political strife been stirred up except by the hon. gentleman. Not one hon. member, so far as I can recall, has taken any unfair partisan attitude except my hon. friend, and I submit again that we shall get on much better if we adhere a little more closely to the attitude taken so far, and not be abusive. This afternoon the hon. gentleman abused the Prime Minister and myself and all on this side of the house. Let me assure him that we are just as anxious as he is to do everything possible for labour, and if I were inclined to accept the amendment at all the attitude he took this afternoon would be the very thing to dispose one to reject his amendment, even if it were good, which I do not admit. Other labour members are of the opinion that there is nothing in the amendment that would improve the situation, and others again take the opposite view. This afternoon I read the clause, which has been read a number of times in the house, in regard to the position to be taken by the two railway systems whenever they bring about cooperation. That direction given to them places them in the same position in dealing with the representatives of labour as they are in at the present time under existing railway legislation.

I have no reason to object to the amendment except that in my opinion it does not help matters. If it would improve the legislation I should be glad to accept it. May I point out that a number of amendments have been suggested by hon. members opposite, some of which we have shown our readiness to accept. My hon. friends claim that they inspired them and I will not quarrel with that. If the amendment of the hon. gentleman would serve any purpose I should be glad to accept it, but I still think that it does not improve the situation. It does not add one iota to the strength of the railway employees in dealing with the railways so far as cooperation is concerned.

My hon. friend from East Algoma this afternoon, although he did not support the amendment, intimated to me that he had a suggestion to offer and I shall be glad to see whether it satisfies the labour members. He read it to me and my opinion offhand would be that it would rather strengthen the section. If it tends to improve it, I shall be glad to accept it, but I do not admit that the amendment proposed by the hon. member for Kenora-Rainy River does improve this legislation.

Mr. MOTHERWELL: May I intervene for a moment while these two Irish gladiators get their second wind? I object a little bit to the minister taking the ground that we are laughing at our colleague. We are not laughing at him; we are rather amused at his ability to put the whole ministerial side up a tree—that one Irishman can trim the whole outfit, and a lot of them over there Irish too, or half-bred like myself. Now, what is there unreasonable about the hon. gentleman's amendment? What is there unreasonable in suggesting that sixty days' notice should be given to railway employees about to be dismissed? Notice is required even in the case of a farm labourer—and I do not say that by way of reflection on that form of labour because I have been a farm labourer myself. In fact, my first year's earnings I got as a labourer on a farm, so I know what it is to be a labourer, and I know that under the law they have the right to be given notice. It is a long while since I had anything to do with administering the law as a magistrate, but I know that in some eastern provinces domestics hired by the week have a right to a week's notice, if hired by the month, to a month's notice, and if by the year to two or three months' notice.

Mr. HACKETT: There is no change at all in that regard.

Mr. MOTHERWELL: Why have not these railway men the right to sixty days' notice? My hon. friend from Kenora-Rainy River wants to have it stated in the law, and nothing prevents its being adopted but the deliberate stubbornness of the minister. I am not going to have my colleague laughed at by the ministry because of their incapacity to answer him.

Mr. HEENAN: Hear, hear.

Mr. MOTHERWELL: Not at all. I want my remarks to be as persuasive and conciliatory in tone as possible, but at the same

time when it comes to a showdown I am not going to stand for any kind of answer which my hon. friend opposite chooses to give my colleagues. And then he tries to pass the buck and to have the laugh on him, pretending to give an answer when he has not given one at all. I see no objection to the amendment but on the contrary many advantages. The minister says that even if he had been disposed to accept it he would be inclined now to reject it because of the manner in which it has been presented. Well, we all have our own style of saying things. The hon. member for Kenora-Rainy River has his manner, and whatever else it may lack it is in my opinion mighty effective. I myself have been lectured quite often in this house for my peculiar way of presenting things. I cannot help that; I cannot help my way—that is the way I am built. The language I use is the language I understand. I have never swept the halls of a university with a gown and all that sort of thing, and so I have to make use of such language as I learned in my youth, trimmed up a little bit if you like.

Mr. LAPOINTE: It's pretty good.

Mr. MOTHERWELL: Well, if I tried any other way I would be an utter failure, and the same with the hon. member for Kenora-Rainy River. He would not be the same man if he tried to be somebody else.

Mr. LAPOINTE: You are a doctor.

Mr. MOTHERWELL: I know, but a different kind. Anyhow, I will try to be worthy of it just the same. It took me seventy years to earn it and I should try to be a credit to it. At any rate, I say that the minister has not met the situation at all. He has not answered the hon. member for Kenora-Rainy River. The minister had to say something, of course, and I was just wondering what he was going to say.

Mr. LAPOINTE: You are still wondering.

Mr. MOTHERWELL: I suppose anything would be better than saying nothing at all. It would be a confession of weakness if after all the hon. member for Kenora-Rainy River had said no one on the other side should make any attempt at all at a reply.

I shall now try to come down from the heights that the two gladiators attained. Last week end I travelled on one of the new pooled trains to Toronto. Previously the service of the Canadian National Railways to Toronto was one of the finest in the country. It used to be a crack train running over a crack track.

Mr. HACKETT: It cracked our purses.

[Mr. Motherwell.]

Mr. MOTHERWELL: But a great change has taken place, and I was wondering if that change was brought about by voluntary action. If it was, it says a whole lot for our national railway officers. Now there is a mixed train made up of one coach, one baggage car and about fifty freight cars to be distributed between here and Toronto. It took four hours to cover the distance from Ottawa to Portland formerly covered in less than two. How long does the railway expect to retain passenger traffic with such a service as that? Unless something is done the remnant of passenger and small freight traffic will soon be lost to the buses and trucks. I was unable to find any change made by the Canadian Pacific to correspond to the change made by the Canadian National, although the fast train between Montreal and Toronto has been cancelled. I understand that some kind of pooling in connection with revenues is taking place, and I do not object to that. The hon. member for Kenora-Rainy River did not exaggerate the state of mind into which the labour on these lines has fallen. They are just going around in a daze, not knowing what the next day or hour may bring forth. They see the heads of their fellow labourers dropping into the basket one after the other like apples falling off a tree. Surely it would be only humane and considerate to give some notice when making these dismissals. The hon. member asked for sixty days notice; if we cannot get sixty, give us fifty or forty.

In all sections of the country where the service has been reduced to a mixed train three times a week, the railways will get precious little passenger or light freight traffic with a service like that, without installing a railway bus and truck service themselves. Our object is to try to make this bill as little objectionable as possible, as it is bound to go through and receive royal assent. Suppose the Canadian Pacific concludes to operate a bus and truck service in an effort to catch the remaining express and light traffic available; the Canadian National will want to do the same. I am not sure whether the inauguration of such a service by the national railways would be classed as capital expenditure, but if so they would have to come to the government before the expenditure could be made. If it is not considered as a capital expenditure, they will have to go to the trustees for authority to invest money in a service of this kind. The trustees will have the authority to refuse, and if they do refuse—and this possibility is not imaginary—the freight and passenger traffic will gravitate to the buses and trucks operated by the Canadian Pacific. A

mixed train running three times a week will not be able to retain such traffic. I heard of one station where only one ticket had been sold since this new service was put into effect. Four more were sold during the Easter week-end, but that was because of the special rate. Can they afford to operate even one coach with that kind of result from the point of view of revenue? This board of trustees will have the power to refuse permission to the Canadian National to put on a bus and truck service similar to that which is sure to be operated by the Canadian Pacific, and such power should not be given to any three men born of woman or who ever walked in shoe leather.

We are then to have a government owned system of railways operated by three private individuals—the trustees. I have heard of government owned utilities under controlled operation; I have heard of government ownership and government operation, but I have never heard of a government owned institution being operated privately by three individuals appointed by the government but not supervised by it. There may not be any private gain but there will not be any public control. The arbitral board is in much the same position.

If the government would permit us to save them from themselves, they would hearken to what we are saying. We are not open to the charge of deliberately obstructing this bill; we are interested in this great property. Some of us have spent a part of our lives helping to develop it. When I say that I do not want to put the Canadian Pacific Railway in second place. I believe it would be better for that railway if it were left out of this legislation. I have every confidence that it will make the grade after these times blow over and I question very much the advisability of hooking it up with something which had already gone almost bankrupt prior to being nationalized. It is bad enough to have one crippled railway without endangering the other. The Liberal government found it crippled in 1921, but with that great man, the late Sir Henry Thornton, at the head and helm of it, it soon came to be a real road. We have faith enough in Canada—

Mr. SPENCE: Don't go crazy!

Mr. MOTHERWELL: Who is blathering over there? Why don't you get up and talk on your hind legs instead of sitting there and wearing out your clothes?

Mr. SPENCE: You are wearing out your brains.

Mr. MOTHERWELL: I trust my good friend has some to wear out. We do not forget what the party to which this government belongs did to the Hudson Bay Railway. In face of that hon. members opposite now say we are narrow and small because we suspect them. I suspect every step they take in connection with the Canadian National Railway and I have mighty good reason for that suspicion. I gave those reasons the other day so there is no use my repeating them. I certainly do not expect anything more than is given by this bill to the Canadian National Railways, but I want to see as little evil as possible contained therein and as much good. I do not hope to be able to make it worthy of the name of a bill that should be passed. My hon. friends opposite cannot help being Conservatives, but we are told by the best authority in the world that spiritual things cannot be discerned with the natural eye, and it is equally true that Liberal things cannot be discerned by the Tory eye. That is impossible, and therefore I do not blame them because they cannot help themselves. Nevertheless it is our responsibility to try to show them the error of their ways. The illustration I have given is by no means a hypothetical case. Anyone who will once travel by that mixed train to Napanee and back again will see that the little remaining passenger and light traffic will not be there possibly in one month. All that light business will be swept off by any kind of buses put on by the Canadian Pacific Railway, or by the ones that are operating on that route now unless the National is similarly equipped.

I do not know that I have anything further to add to the discussion. I do not know whether my hon. friends opposite think I am trying to frustrate or block or thwart this bill in its passage through the house. I did not say one blessed word yesterday, and that is rather a trial for me when there are so many wrongs to redress. The trouble with the government is not that they are lacking in ability. I want to make that clear, that there is no lack of ability in the government or among their supporters, but the trouble is they took a rather ingenious method of getting this bill across. First of all they appointed a commission as a buffer between themselves and the country. I had no objection in the world to that because I have always been in favour of commissions, good commissions, to deal with a specific question, and I am in favour of them yet. I am in favour of the monetary commission that is to be appointed, and dear knows the government need one badly because they have no very high authority among

themselves on that particular question, and I, of course, am no authority at all upon it.

Well, Mr. Chairman, if the government want to be saved from themselves they will listen to the Commons. The Duff commission was all right so far as it went. They looked at this question from the standpoint of faithful, honest men, if you like, but they could not possibly look at it from the standpoint of those who represent the electors of Canada and have an interest not only in the road itself but in the service it gives as well as the question from the human standpoint taken by the hon. member for Kenora-Rainy River. As for the Senate, this bill was drafted by an expert draftsman, by the father of the War-Time Elections Act. Oh yes, he is a skilful draftsman, but there is just as capable a man at draftsmanship in that other place in the person of the Hon. James Calder. I have known him as a draftsman, and he can draft. He took the stand that has been taken by a number of hon. gentlemen in the Commons. I do not agree with him in all his attitude, as he seemed to be acting largely on behalf of the Canadian Pacific. When I made my suggestion this afternoon I did so without knowing that the hon. leader in the other house had attempted to contradict the Hon. Senator Calder who had made a similar suggestion to the one I made this afternoon.

I do not think, Mr. Chairman, that we should lie down and meekly accept the Duff Commission report or the Senate's bill no matter how thoroughly they may have looked into the question, because they have not the same sense of responsibility to the people that we have to have. What excuse would it be for me to tell my constituents when I go home: Oh, well, the Duff commission knows more in a minute than I would know in a year on this question, and the Senate, too, gave the matter deep and concentrated study from the time the leader of that other house first began to draft the legislation until it left that august chamber. My constituents would not be pacified by that. They would say, "We didn't send the Duff commission or the Senate there to investigate this question. We sent you there, and we want you to consider this question for yourself, and we want to know why you let this bill go through in this objectionable condition." I do not want to say harsh things, but I want to be true to the trust that my constituents have reposed in me. I may not have any constituency, Mr. Chairman, when I get back home, but I am not going to act on that assumption. I am going to be their representative for the remainder of this term. I may not have a seat—yes, I will have a seat after the redistribution, but I am told I will have no place to put it. But that is another story.

I do hope that the government will not be disappointed because we do not swallow this bill holus-bolus in three or four gulps. I am afraid it would cause acute indigestion if we did. It would be far more acceptable to our political conceptions and to our political tummies if it was corrected along our lines of thought than if left entirely in the form in which the government introduced it into this house. I am not going to taunt the government if they make changes in the bill. They invited us to assist them with suggestions and then they repel our approaches. What kind of treatment is that to give to the opposition in this house? First, to herald across Canada that this was not going to be even a government bill, that there was going to be a love feast over it, and then because we took them seriously, as the hon. member for Kenora-Rainy River and I and others did, and offered suggestions, they repel our advances after having invited them.

Mr. MANION: Must we accept everything you propose?

Mr. MOTHERWELL: No. If you accepted half of them you would have to redraft the bill.

Mr. MANION: We have accepted about half of them now. The trouble is you want us to accept them all.

Mr. MOTHERWELL: No, I do not. Cull them out. My hon. friend will have to give a little better answer than he did to the hon. member for Kenora-Rainy River to convince us that many of our amendments should be rejected. The first thing I know I shall have living evidence in myself of how evil communications and habits and attitudes corrupt my manners, because I am gradually assuming the scolding attitude of the government itself, and I do not want to do that. I just want to stand up for the rights of the people and to accept the invitation of the government to make suggestions and assist in improving this bill. I know that there are men on the other side who know that our proposals are sound, and if they had their way they would like to see them go through. They would go back home feeling much better and easier if some of them did go through.

Mr. NICHOLSON: When the hon. member for Kenora-Rainy River introduced his amendment last evening I took the liberty of telling him in the first instance that I did not think it at all met the situation he was aiming at.

Furthermore, I do not think it is practical. If it would serve any purpose in assisting the men concerned, and if it was practical, I would support it, but I do not think it would serve the men and I do not think it is practical. The discussion which has taken place on this amendment indicates to my mind that there is a complete misunderstanding on the part of many members of what is involved. It would seem to be the idea that by the provisions of this bill men are being dismissed from the service of the railway altogether and that the men are entitled to sixty days' notice, and so forth. Nothing of the kind is involved. All that is involved is what takes place already in many, many cases, as the hon. member knows, in the changing of a time table, for instance, on the railways. Sixty days' notice was not given when the Trans-Canada was taken off the service. Time tables are changed sometimes within a week and sometimes within fifteen days of the new schedule going into effect, and the crews who had been operating the train have to adjust themselves or be absorbed into the service in some other way. That is just what will take place under this bill. To suggest that sixty days' notice must be given of every change is to suggest something which I submit is utterly impracticable in the operation of a railway. It would not be practicable so far as any endeavour to carry out an amalgamation of services is concerned.

There is however another amendment to the clause which I intend to move, after the present amendment is disposed of. I know the amendment I have before me will meet the wishes of railway employees. I happen to represent a community in which, in proportion to the total population, there are more railway employees than there are in any other community in Canada. I have discussed the amendment with them and in all good will I ask the hon. member for Kenora-Rainy River to consider it. The suggestion is that we insert in the last part of subsection 1 of section 16 the words, "through negotiations with the representatives of the employees affected." The clause would then read,"

> They are further directed that whenever they shall so agree they shall endeavour to provide, through negotiations with the representatives of the employees affected, as part of such measure, plan or arrangement or otherwise—

And so on. I believe this amendment would meet the wishes of the railway employees. It will be a mandate to the representatives of the railway companies, if such were necessary—and I doubt very much, after considering the whole matter, whether it would be. The suggested change would indicate clearly the will of parliament, that it is through negotiation with the representatives of the employees that the adjustment shall be made. I cannot move the amendment now, because already there is one before the house. However if the hon. member for Kenora-Rainy River will accept it, he is assured of my support.

Mr. HEENAN: I agree, right off the bat, that the suggestion made by the hon. member is far better than the original clause as it appears in the bill. I would say if we can get nothing better from the government I should be glad to accept the hon. member's suggestion, provided he would add the words "after the employees' representatives be given sixty days notice."

Some hon. MEMBERS: Oh, oh.

Mr. HEENAN: No?—Well then, what is the use of talking? The Minister of Railways says I should not get cross. He has told us if we speak in a peaceful humble manner we will receive more consideration from his side of the house. I am not worrying at all about the curtain lectures of the Minister of Railways or the Prime Minister. Yesterday afternoon I tried to be as peaceful and humble as I could possibly be. I tried this afternoon to get down on my knees. When I saw that there was nothing but ridicule and humbug from the other side of the house I admit I became slightly vexed. I have no apologies to make, although the Minister of Railways may choose to laugh at me. I should like to thank the hon. member for Melville for giving me a breathing spell. By the way, I wish the hon. member for East Algoma would remain in his seat, because I want to tell him something; I want to say to him that the amendment he proposed would be of no use. I say to the minister that my amendment is that of the representatives of twenty-one railroad organizations of Canada. They know what they want. They know their needs better than the Minister of Railways, the member for Kenora-Rainy River, the hon. member for East Algoma or the whole government combined. They are men sworn to do their duty towards the railway men of Canada. To put off their suggestions just because the member for Kenora-Rainy River has sponsored them will not go down with those men.

I shall read a resolution before me, and ask the minister whether or not he can discern any difference between it and my amendment.

> Railway company or companies concerned shall be required to give at least sixty days' notice of such contemplated changes to the representatives of the respective organizations and the employees directly concerned holding

contract with the railroad, and before any changes are made endeavour to agree with such representatives to an adjustment of the seniority or rights to work of the employees affected thereby.

That was the resolution of the representatives of twenty-one railway organizations. It was presented to the Right Hon. Arthur Meighen, leader of the government in the Senate. For the hon. member for East Algoma to say that because he comes from a railroad town he knows what railroad men want, when there are twenty-one men behind this resolution who receive salaries to represent the railroad men of Canada, is something I cannot accept. The little bit of ridicule that the Minister of Railways shot across the floor of the house does not turn one hair of my head. I have become accustomed to his irresponsible statements. I listened to them before he was Minister of Railways. During the last election campaign he spent several days in my riding during which time he broadcast the same kind of ridicule and irresponsible statements as he now makes on the floor of the house.

Mr. MANION: During the last election campaign I was not in your riding at all.

Mr. HEENAN: You spoke at Dryden; that is in my riding.

Mr. MANION: If I spoke at Dryden it took one day, not several days.

Mr. HEENAN: Then the minister coaxed the Hon. Howard Ferguson, then Premier of Ontario, to come up to my riding to act the part of the clown. That gentleman is now acting as high comedian for Canada in London. Had it not been for the activities of this Barnum and Bailey I believe the Conservatives might have licked me in the last election.

Mr. GOTT: The comedian is talking now.

Mr. HEENAN: Every time you squeeze an onion it makes your eyes water. I say to the hon. member for East Algoma that I should be glad to accept his amendment, and if my amendment is voted down I shall support his. I still say, however, his suggestion does not carry out the wishes of the railroad men in Canada. I am going to ask the government to take the responsibility of voting down the amendment which I have proposed. The hon. member for East Algoma should not take this matter too lightly. He has been out of railroad service so long that no doubt he has forgotten a good deal of it.

He likens this measure to a change of time table. Surely the hon. member for East Algoma must realize that here are several railroads going to amalgamate, to merge their services, to abandon branch lines and portions of main lines, to close stations, to pool freight, pool passengers, pool earnings. Is there any comparison between that and a change of time table? Anyone who says in this house or anywhere that this is going to throw less than 20,000 railroad men out of work is only trying to deceive. That is the whole purpose of the act; if it does not throw thousands of railroad men out of employment it is useless. And here we are trying to run our railroads by act of parliament. The president of the Canadian Pacific and Sir Henry Thornton were regarded a few years ago as the greatest railroad men on the North American continent, yes, in the world—and they were, there is no doubt about that. The complications of railroading are such that we ought not to attempt to run a railroad by act of parliament. When I went back to work last summer I had to write an examination, a book of eighty-two pages, just to be an ordinary engineer; and here we are, a few politicians who know no more about railroading than the government knows about ending unemployment, attempting to tell the presidents and managers of these railroads how to carry on their business—and, worst of all, bringing a slave driver from the United States of America to act on a Canadian commission. The railroad men of this country have co-operated for years and years, shown their willingness to cooperate—when has this country seen a strike on its railroads? The men have been and are willing to sit down and negotiate, and to take their losses. In 1931, the first year this government was in power, the railroad men of Canada earned $74,000,000 less than they did in 1929, and last year they earned $120,000,000 less than they did in 1929, according to the government's own reports. They have taken a ten per cent reduction on top of that, and they are asked to take a further ten per cent reduction. Now we are passing an act of parliament the effect of which will be that when their jobs are done away with, their seniority taken from them, they shall not have even one day's notice to adjust themselves to that condition.

I will not withdraw my amendment. It was suggested and pleaded for by the representatives of the labour organizations; it is fair and reasonable, and as far as I am concerned I want that amendment put through.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Does the amendment to the amendment carry?

Mr. MITCHELL: Before it is carried I would like to ask the minister what is the government's objection to sixty days' notice

of termination of an agreement or working conditions in a railroad centre? It is the standard practice.

Mr. MANION: I do not wish to take up any more time; this point has been discussed all afternoon and for one and a half hours this evening and all the arguments for and against have been heard. In all sincerity I do not believe the proposed amendment increases the opportunities for the men at all, but I believe it complicates the act and interferes to a certain extent, as I explained this afternoon, with some proposals that might be made. I sincerely believe that this section gives the protection even without the amendment of my hon. friend from East Algoma, which however, I am willing to accept, not because it is from him but because I do not think it changes the meaning at all; it may make it a little stronger. I submit this section does protect the men—I am just as anxious to protect them as the hon. member for Kenora-Rainy River, but I do not wish to put in clauses that will only interfere with the act without accomplishing anything.

Mr. MACKENZIE KING: Will the provisions of the Industrial Disputes Investigation Act apply as they do to-day, assuming this bill goes through?

Mr. MANION: They would apply in exactly the same type of cases. I made inquiry during the dinner hour from railroad men who I believe speak authoritatively, men who gave me this report on the Montreal agreement. It is true that in the case of that agreement it was not two independent railroads that were involved, as the Canadian Pacific and Canadian National; it was a consolidation of the Canadian Northern, the Grand Trunk and the Intercolonial, and as a consequence of that amalgamation the employment of certain men was affected. As a result the men's unions and the railway management got together and worked out what they called the Montreal agreement, which settled the terms of seniority. After that was arranged still other disputes arose, just as they will under this. It cannot be avoided, because each man who is laid off, if there are such, and no doubt there will be on both railroads, will dispute the right to drop him. But under the Montreal agreement the men asked for a conciliation board and got it. Under this present act I am informed, and I believe it, they would have exactly the same right to ask for a conciliation board. Let me go a little further—I have no desire to mislead the committee. In certain cases there would not be a possibility of dispute. My hon. friend from North Winnipeg this afternoon asked what was the effect on the men of the pooling which had taken place already. I did not know then. I asked some officers of the Canadian National and they tell me that on the Ottawa-Toronto run the Canadian Pacific took over the service—that, by the way, may be why my hon. friend from Melville found the service rather poor the other afternoon—whereas the Canadian National took over the Montreal-Toronto service. May I interject here that these luxurious services which my hon. friend from Melville referred to and which I admit were in existence, cost this country over $25,000,000 a year loss on passenger traffic during the last few years. I mention that to show why they had to be cut down. That is what these luxurious accommodations were costing the Canadian National, over $25,000,000 loss in 1932. As a result of the pooling arrangements, the employees of the Canadian Pacific will remain on between Ottawa and Toronto because the Canadian Pacific operates the trains. On the Montreal-Toronto run the Canadian National employees remain on. That is just the kind of case pointed to by my hon. friend from East Algoma. I do not suppose under those circumstances any of those men would be entitled to bring up a dispute. The Canadian Pacific drops some trains on the Montreal-Toronto run, so the junior men on those trains are out of luck. On the Ottawa-Toronto run Canadian National men are dropped; they are out of luck. But I do not suppose they can claim a dispute. But as far as men to-day would have a right to a conciliation board under the Lemieux act they would have the same right under this act.

Mr. MACKENZIE KING: My point was not concerned so much with what may relate to the raising of a dispute as to the principle which underlies the Industrial Disputes Investigation Act, and to having a similar principle applied under this act. The Industrial Disputes Investigation Act requires that before a change can be made in a wage schedule or affecting working conditions or hours of labour, at least thirty days' notice shall be given—

Mr. MANION: There is no change in that.

Mr. MACKENZIE KING: That notice has to be given for even a change of wages. If a board is applied for, the change cannot go into effect until after the board has made a report. That gives men who are to be affected some opportunity to look around and make necessary adjustments. They have the

feeling that they are secure at least until someone has looked into their case. The amendment moved by the hon. member for Kenora-Rainy River is aimed at the same thing, making the same principle apply with regard to this act and not anything further, namely that before men are dismissed or ordered off as a result of coordination and economies they should be entitled to some notice, a stated period, thirty or sixty days—sixty is proposed, and that is short enough. That would at least free them from the sense of fear of instant dismissal that many of them have at the moment. That is what the proposed amendment amounts to. I think that is reasonable.

Mr. MANION: May I suggest first that as far as this act is concerned there is no change whatsoever, so far as I know—and I have made inquiry—no change whatsoever in the men's position under their agreements with the two railroads. They will be in exactly the same position under their agreements in regard to wages, conciliation boards and so on under this act. I thought my right hon. friend was not listening when the hon. member for East Algoma made a suggestion that would cover the very point desired. I think his suggested amendment would be much more useful than the one moved by the hon. member for Kenora-Rainy River, and for that reason I am inclined to accept it if it is acceptable to the committee, as I hope it will be. If my right hon. friend will look at page 9 of the bill I will read the section as it would appear with the amendment of the hon. member for East Algoma:

They are further directed that whenever they shall so agree—

That is, as to cooperative measures.

—they shall endeavour to provide, through negotiations with representatives of the employees affected—

That is added.

—as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National railways and Pacific railways, respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

In my belief this gives them if not absolute protection, at least protection equal to that proposed by the hon. member for Kenora-Rainy River, and it does not complicate the act. As I suggested, the amendment dealing with a sixty day notice does complicate it.

Mr. MACKENZIE KING: What my hon. friend has just read relates only to an apportionment between the two roads. The amendment of the hon. member for Kenora-Rainy River has to do with the length of time a man shall have in which to prepare himself for what is really instant dismissal. That is the hard feature of the situation for those who will be affected by it. Let us take our own individual positions; suppose we were subject to some superior power which in an endeavour to effect economies, had the right to say that to-morrow our occupations should end. I am not referring now to our positions as members of parliament but to our positions as members of a community earning a livelihood by our respective vocations. Just imagine the frame of mind a man would find himself in if at all times he had hanging over his head a sword that might come down at any moment and sever from him his employment.

Mr. MANION: The same condition exists at the moment on all railways.

Mr. MACKENZIE KING: No, it does not; the Industrial Disputes Investigation Act has been framed to prevent anything of that kind until due notice has been given. Then, after notice, if the grounds do not appear to be sufficient for the action proposed to be taken, an investigation may be held into the merits of the case. Surely it is only reasonable to say that if men are to help meet a great national situation which requires extensive economies at this time; if they are to be sacrificed for the good of the community as a whole, at least they should receive from the community in return some guarantee that will secure to them by way of notice an opportunity to prepare for the inevitable and, if at all possible, to find some other means of support before such action is taken.

Mr. HACKETT: Would the right hon. gentleman allow me to make just one suggestion? There are two distinct matters under consideration: the first is the relationship between the employee and his employer. That relationship is in no way affected by the present bill. A man is employed by the day, the week or the month, he can be dismissed only according to the laws of his province and according to his contract; the second subject under consideration is the bill which provides for a pooling, a consolidation, a cooperative measure or agreement, and that, whether or not it comes about, does not relieve the employer of the necessity of giving notice to the employee in the terms of the law of the province or of his contract. I submit to the committee that the relationship which has been referred to by the hon. member for Melville and the hon. member for Kenora-Rainy

River, the relationship between the servant of the railway and the company, is unchanged by this bill. I think one might go a step further and say that probably it is not competent for this parliament to enact legislation that would bear upon the lease or hire of personal services. In the view of people who dare express opinions about these matters such legislation is within the ambit of provincial jurisdiction and does not come under the jurisdiction of the federal parliament.

Mr. MACKENZIE KING: With regard to the latter point I would submit that this parliament has plenary powers in dealing with all railway matters and that we can enact whatever legislation we please with regard to railway labour, which is interprovincial.

Mr. HACKETT: I doubt that very much.

Mr. MANION: I might add just a word in reply to my right hon. friend. At the very moment we are sitting here discussing this act the railways are carrying out the very thing we are talking about, and they are not giving any notice. They are dealing with the matter in the ordinary way, so this act will not change the procedure at all. As a matter of fact, with the amendment proposed by the hon. member for East Algoma I think the men will be protected a little more.

Mr. MACKENZIE KING: I should like to read the section of the Industrial Disputes Investigation Act, which I have in mind. It is section 58 of chapter 112 of the revised statutes of Canada:

> Employers and employees shall give at least thirty days' notice of an intended or desired change affecting conditions of employment with respect to wages or hours; and in the event of such intended or desired change resulting in a dispute, it shall be unlawful for the employer to make effective a proposed change in wages or hours or for the employees to go on strike, until the dispute has been finally dealt with by a board, and a copy of its report has been delivered through the registrar to both the parties affected.

Mr. MANION: That is absolutely unchanged.

Mr. MACKENZIE KING: What I wanted to get at was this: If this bill comes into force as an act will this provision of the Industrial Disputes Investigation Act continues to apply to proposed changes in conditions of employment of railway labour?

Mr. MANION: Just as it is.

Mr. MACKENZIE KING: And if individuals are being summarily dismissed under the law that is now going through they will be entitled to regard that as a cause for an application for a board, and when applying in that way the change will not take place until there has been a full investigation?

Mr. MANION: The right hon. gentleman has carried his argument some distance further, and I do not wish to go that far. I simply say that this act will apply just as much after the legislation we are now discussing is put into effect.

Mr. MACKENZIE KING: If there is any doubt in the matter I think it only right that such doubt should be cleared up. I believe the clause I have just read was put there for the purpose of removing the fear of arbitrary and summary action; it was put there in order to secure the employees in their positions, at least for a certain time after notification of a change. I do not see why a similar clause might not be put in this act, if it is going to give that sense of security and a greater measure of confidence to the employees generally. I believe the effect will be not only to give confidence to the employees but to help the public as well. The employees will have a sense of security which will free them from at least some of the terror which they are experiencing at the moment. May I tell the minister that as leader of the opposition, since this measure was introduced, I have received communications from men in all parts of the dominion who fear they will be affected by it. These communications have not been solicited in any way, but these men have written begging me, as leader of the opposition, to do all in my power to prevent summary dismissals and dismissals without any provision being made for consequent unemployment as a result of the economies that are to be effected. I do think this is one matter that ought to be very definitely secured. These men are to be sacrificed for the public good, and surely the public should seek to make their sacrifice as little grievous as may be possible.

Mr. POWER: Just in reply to my hon. friend from Stanstead, Mr. Chairman, I am afraid we are not likely to agree on his interpretation of the civil law, at any rate of the province from which we both come. He gives it as his opinion, if I understood him rightly, that this matter of the dismissal of employees falls within the jurisdiction of the civil code of the province of Quebec. I have not the civil code before me but I have sent for it. I think the hon. member will agree with me that the contract of lease and hire of services ceases when there are no longer any services to be performed, and in this instance if through

any legislation of this parliament we give an excuse to either of the railways to decree that there is no longer any work, the men will be by that fact dismissed and will not have any claim against the railways.

Mr. HACKETT: That is a voluntary act.

Mr. POWER: It goes a little beyond a voluntary act when it is a consequence of an injunction placed upon the railways by this parliament. If my hon. friend will not accept that theory he will at any rate accept the theory that when there is no more work to be done the contract ceases. If the tracks were torn up or the shops closed down I doubt very much that there would be a claim. There would be a reason for the contract of hire of services to terminate. In the courts of the province of Quebec I should much prefer not to have a claim of that kind against the railways. During the past two or three years I have had some experience in pleading cases of this kind against one of the instruments of this government, the Quebec harbour commission. The commissioners dismissed a large number of employees shortly after the change of government, and much to my satisfaction I was able to go before the courts of the province and collect a considerable amount of money by way of fees from this government—far more than I made from the former government. We were obliged to allege that the dismissal was without cause, and the courts held that simply the will of the commission or the desire of the commission to be rid of people who have been recommended by the hon. member for Quebec East or by myself was not a sufficient cause for dismissal. I should think though that when the work stopped, if they had been carrying on the construction of a wharf or a building, there would be no claim for compensation or damages, and that would be the situation in the instance now before us.

Mr. NICHOLSON: Under the conditions set out in this bill there is no provision for the dismissal of railway employees; there is no condition providing for a situation such as my hon. friend from Quebec South has referred to. Under their contracts arranged through their representatives, under the system of collective bargaining recognized in this country, the men would still remain employees even though they might be dropped from the pay-roll temporarily. They would remain employees of the railway with all the rights of employees, including the right to be called back as soon as operating conditions made it possible. They might be out of the service for two, three, four, five or six years but they would still retain seniority rights and would be called back in regular order. That brings me to the point raised by the hon. member for Sherbrooke with regard to pensions. It was suggested that because a train was taken off or two trains were consolidated, the employees would be dismissed, though they might be within two years of the receipt of pension. That is not so; the pension remains exactly the same. The employee may, by reason of the fact that he is out of employment for a short time, have his pension reduced, but as soon as he reaches the pensionable age he will get his pension, even if he has not been in service those two years. The men are not dismissed but are recognized as railway employees all the while. They are on the regular list to be called on as soon as operating conditions make it possible to bring them into service again.

Mr. MacINNIS: I should like to see the employees affected given protection to the greatest possible extent, but I cannot see very well how we can extend such protection without making some provision by way of financial outlay to take care of a situation of this kind. I do not think that the section in the Industrial Disputes Investigation Act which was read by the leader of the opposition covers the point at all. That refers to a general revision of the schedules that have been in force over a period of time affecting all employees in any organization, corporation, firm or company.

Mr. MACKENZIE KING: It was the principle underlying it that I was referring to.

Mr. MacINNIS: Quite so, but every company that has an agreement with its employees is to-day carrying out the things implied here. Companies are dismissing employees with very little notice. I admit that this practice should be curtailed as far as possible, but the point that has to be taken into consideration is that there may be more reductions of services on one company's lines than on the other and the suggestion here is that in such an event the trustees—I presume it is the trustees who are to carry it out—should try to apportion the employees, not on the basis of a greater curtailment of services on one line than on the other but on the basis of a fairly just proportion as between the various employees concerned. As I say, I should like to see the employees protected as far as possible, but I cannot see that we can do very much more than to put in a phrase such as is suggested by the hon. member for East Algoma. I had a similar one drawn up which I compared with his, and I think it

would meet the situation as far as this committee can meet it.

Mr. HEENAN: The longer we talk on this matter the more evident it is that we do not know what we are talking about. It is obvious that there are so many of us discussing it from different angles that we have not got at the point at issue. The hon. member for Standstead talks about the relation between employers and employees; he says that they are not disturbed by this bill. I think he really believes that, but it is not so according to railway practice. I know that he is sincere and I want to point this out to him. The relations between the railways and the railway men are entirely different from the relations between the railways and men who are engaged on the job, to be given thirty days' notice and so on. There are thousands of men on the railways to-day who are paid only when they are called upon to work.

Mr. HACKETT: According to their contract.

Mr. HEENAN: According to their contract; they are doing piece work. They have seniority, starting in the shops and then becoming spare firemen, and so on. They do not get anything when not working. A man is promoted to the position of firemen and is paid only for the time he works. He obtains certain seniority rights on his way to the position of engineer, but when the traffic decreases the younger men are not called out. This bill provides for the abandonment of their work and they are left, as the hon. member for East Algoma would say, holding the bag and sitting there waiting to be called. How long does the committee think they can wait?

Let me give an example of just how this might work out. At one time Sir George Bury thought that the Canadian Pacific should have a larger yard than the one they had in Winnipeg. A large piece of territory was secured about seven miles out from the city and perhaps one of the finest yards on the North American continent was constructed. The men were given notice that they must move out from Winnipeg and build homes adjacent to the yard. A meeting was held and it was decided that they would not be compelled to move right away and facilities were provided for their being conveyed back and forth. But what has happened since? That yard is not now required and if these men had gone out there and built homes, they would now be forced to move back to the city. I think that example indicates the many ramifications there are in railroading.

The hon. member for East Algoma suggests, and technically he is correct, that these men will not be dismissed. I cannot see any difference between being dismissed and not being called to go to work. Undoubtedly this bill is to provide for the abandonment of lines and other activities and the merging of services and surely anyone at all familiar with railroad work will realize that many men, while they will not lose their seniority will never be called out to go to work. It is no use for a man to have his name on a seniority list and not be called out to go to work. The longer we talk about this matter, the closer we are able to get together. If the minister would listen to what I am saying—

Mr. MANION: I hear every word the hon. gentleman is saying.

Mr. HEENAN: —I would point out in my most humble manner that I would be willing to accept the amendment moved by the hon. member for East Algoma and withdraw my own provided that amendment contains a provision that the employees' representatives receive sixty days' notice.

Mr. MANION: In other words, all the hon. gentleman wants is to have his own way.

Mr. HEENAN: I do not want my own way, I want only what the men want. This means nothing to me. As the minister knows, I have enough seniority with the Canadian Pacific to be almost president if they went out of business. I get no capital, political or otherwise, out of this situation. If I had been contending only for myself I would have submitted this thing long ago and then let it go. I am contending for the men who are being bludgeoned out of their jobs. Surely the minister can give them sixty days' notice when a change is going to be made in the operation of the railroads. They should be made acquainted with what is going to happen so that they can go and seek a living in some other place. I do not see how such a provision could hurt this measure. The amendment moved by the hon. member is quite all right and I would be perfectly satisfied to accept it with the addition that the men be given sixty days' notice. If the minister thinks that length of notice is going to embarrass the railroads, he can cut it down to fifty or forty days; I would even accept thirty days' notice, but they ought to be given some notice of what is going to happen.

Mr. MACKENZIE KING: I think they would be obliged under the Industrial Disputes Investigation Act to give thirty days' notice. The first three lines of section 58 of the act reads as follows:

Employers and employees shall give at least thirty days' notice of an intended or desired change affecting conditions of employment with respect to wages or hours.

Certainly a dismissal or sudden cessation of employment would be a change affecting conditions of employment with respect to wages or hours, and thirty days' notice would be required if the person came within the definition of employee as referred to in this act. The definition of "employee" is as follows:

"employee" means any person employed by an employer to do any skilled or unskilled manual or clerical work for hire or reward in any industry to which this act applies.

The definition of "employer" is as follows:

"employer" means any person, company or corporation employing ten or more persons and owning or operating any mining property, agency of transportation or communication or public service utility, including, except as hereinafter provided, railways, whether operated by steam, electricity or other motive power.

I do not think there can be any doubt that so far as the thirty days' notice is concerned any railway employee would be entitled to that. If his employment is going to be affected as regards wages or hours, it is obligatory upon the company to give him that notice.

Mr. MANION: The act to which the right hon. gentleman has referred is not affected by this bill.

Mr. HEENAN: I think there must be some misunderstanding. I contend that the Industrial Disputes Investigation Act is affected by this measure. After this bill is passed it will become law and no one would think of invoking the provisions of the disputes act in connection with the provisions of any other laws of Canada.

Mr. MACKENZIE KING: That particular provision is quite apart from the question of disputes which may arise therefrom; it is a positive statement that thirty days' notice has to be given.

Mr. HEENAN: Will the minister turn to section 2, which reads:

The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts.

Mr. MANION: I took this matter up with the legal officers of the department and it is pointed out, as I indicated some days ago, that this act prevails, not over any statute that is inconsistent, but over any provisions that are inconsistent. It says:

[Mr. Mackenzie King.]

The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts.

The provision which the right hon. leader of the opposition read is part of the Industrial Disputes Investigation Act. This act does not interfere with that act at all. That act is just as much the law after this bill goes through as it is at this minute. No provision of this act will interfere with that act.

Mr. HEENAN: I know the minister thinks he is right, and I wish he were, but the section reads:

The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts.

So, if there is any provision of any other act that is inconsistent, then this act shall prevail?

Mr. MANION: Yes.

Mr. HEENAN: But section 16 says that the railroad companies shall provide for a fair and reasonable apportionment. It directs the railroad companies to apportion the work as between the employees of the National railway and the Pacific railway. Consequently no dispute can arise there between the railroad men and the companies because the company apportions the work without any consultation or discussion with the railroad men.

Mr. MANION: No, because the effect of the amendment proposed by the hon. member for East Algoma is that they do that very thing.

Mr. HEENAN: Let me offer a suggestion which will probably fill the bill. In section 2, which we have still to discuss further, the minister has accepted the provisions of the Maritime Freight Rates Act, and mentioned that act in the section. Will he also include in that section the provisions of the Industrial Disputes Investigation Act?

Mr. MANION: It is not usual to cite every act with which a particular act may not be inconsistent. My own advice, and I believe in the advice I have received—it is the opinion of all lawyers on this side and of the leader of the opposition and of the hon. member for Vancouver Centre, I know, because I saw him nodding his assent when this opinion was expressed—is that the provisions of this act are not inconsistent with the Industrial Disputes Investigation Act. Surely that should be sufficient for my hon. friend. I should like to see the question put. With all due respect to my hon. friend, neither of us is a lawyer and surely we ought to be convinced by the

opinions of legal men. My hon. friend should be satisfied with the opinion of his own leader and of the hon. gentleman who sits beside him (Mr. Mackenzie, Vancouver), who is one of the ablest men on that side of the house. Surely that should have some weight with my hon. friend. I am willing to accept that opinion, and I think my hon. friend should be.

Mr. MOTHERWELL: Do you want the average man to have to hunt up all the statutes in creation to find out what should be put in this law? I have had some experience of that, and it is a big task. If you go to an experienced lawyer and ask him what the law is in a certain matter, in nine cases out of ten he has to hunt up a whole load of authorities before he can tell you. If that is so with a lawyer it is ten times more so with a layman. We want this bill fixed so that "a wayfaring man, though he be a fool, need not err therein." That is not unreasonable. Does the house really think that the ex-Minister of Labour and others of us have gone mad? Is it not more likely that the ministry has gone mad?

An hon. MEMBER: Undoubtedly.

Mr. MOTHERWELL: There is no doubt about it. Some one of us has gone mad, and I am willing to take my chance which of us it is. We are not asking anything unreasonable. These safeguards that we are asking for as to proper notice of dismissal, and so forth, mean something to the railroad men. But it will not mean anything to say to them that certain provisions are in some other act. After all the wobbling around and the provisos that have been inserted in section 2, the average man can hardly tell what it means. Why not say in plain terms just what is intended? Why not accept the suggestion to even include the Industrial Disputes Investigation Act? We are not going to josh the government for having come down the tree and accepted an amendment from us. They should not be ashamed to accept an amendment from us. Whether we did it acceptably or not it is a fact that for eight and a half years my colleagues and I drafted legislation and passed many laws, and I question if we were defeated on the issue that that work was not properly done. We are the same members pretty much to-day, and we should be able to give acceptable advice. If anybody suggests that we are talking and moving amendments simply to kill time or for political effect, then I say that he is a thousand miles from the truth, because this government has already supplied us with sufficient political dope to hang a dozen governments, and why should we want more? We want to get home; that is what we want, but we must first finish our task here. The first time the electors get a chance at hon. gentlemen opposite they will be hanged, drawn and quartered in no time. So there is no sense in casting reflections upon us and suggesting that we are proposing amendments for political effect. That would be a work of supererogation, or whatever it is—quite superfluous. I am pleading with hon. gentlemen opposite as I have pleaded, to save them from themselves. I want to get out of here, but still I want to do my duty. I want to supply the overcheck for hon. gentlemen, to prevent them from running away with themselves and committing further political suicide. We are putting through an act that will mean what? There is not a man I believe in this house but knows in his heart that this act means the annihilation of the Canadian National Railways within five or six years, and meaning that, we who believe in the national railway and want to maintain it as an entity would be derelict in our duty if we did not use our last breath in an effort to get this act in as acceptable a form as possible before it passes through this house. That is what I am pleading for. I may be sprung on the matter, but if I am, I am sprung in the right direction.

Mr. MACKENZIE KING: I do not know whether the minister quite caught the last suggestion that was made, namely that when we return to section 2 he consider inserting therein as an additional subsection the words, "the provisions of the Industrial Disputes Investigation Act." I know how embarrassing it is to accept an amendment at the moment it is offered in the discussion in committee, but if the minister would promise to consider doing that when we come back to section 2 I think he would find the suggestion quite satisfactory.

Mr. MANION: I would promise almost anything. With all my heart I promise to consider it.

Mr. CASGRAIN: It is a bad man who makes no promises.

Mr. HEENAN: There are two propositions now—

Mr. MANION: I suppose this does away with my promise, does it?

Mr. MACKENZIE KING: The promise was made to me.

Mr. HEENAN: The suggestion that the leader of the opposition makes now is satisfactory to me provided it is accepted by the

government, but what is the difference? Why have we wasted all this day—

Mr. MANION: Why should we waste the rest of the evening?

Mr. HEENAN: If the Industrial Disputes Investigation Act provides for thirty days' notice when there is a conflict of opinion between the employees and the employer, that is all I have been asking for. It is true that my amendment asked for sixty days. Here after a waste of time and a display of temper, after saying many things which ought not to have been said, but which I was forced to say, the minister has agreed to accept the very thing we have been fighting for all day.

Some hon. MEMBERS: No.

Mr. HEENAN: With that understanding I withdraw my amendment so that the hon. member for East Algoma may introduce his.

The CHAIRMAN (Mr. MacDonald, Cape Breton): I understand the amendment and the amendment to the amendment are withdrawn. That is the pleasure of the committee?

Some hon. MEMBERS: Yes.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Shall the section carry?

Mr. NICHOLSON: I move the section be amended by inserting in the last clause of subsection 1 of section 16, after the word "provide" in line 12 thereof, the words "through negotiations with the representatives of the employees affected." The clause would then read:

> They are further directed that whenever they shall so agree they shall endeavour to provide, through negotiations with the representatives of the employees affected, as part of such measure, plan or arrangement or otherwise, for a fair and reasonable apportionment as between the employees of National railways and Pacific railways respectively, of such employment as may be incident to the operation of such measure, plan or arrangement.

The amendment is seconded by the hon. member for Dauphin.

Mr. HEAPS: Mr. Chairman, it is quite possible that this clause may be capable of many different interpretations. It says that the company shall confer with the representatives of the men affected. I am not a lawyer, but I have been listening this afternoon and this evening to definitions by lawyers, and the more I listen to definitions of words the more confused I become, and the less I know about the measure involved. I am in favour of the principle behind the amendment, but I am afraid that the interpretation may create a good deal of friction. How would the term "the employees affected" be interpreted, when the legislation is put into operation? Men may be laid off, and when they are laid off they cease to be employees of the company. I have had a little experience in these matters, and in the past few months men who have been laid off by railroads have formed their own organizations, claiming to represent the men out of work. It is quite possible that the men who have been laid off will claim that those organizations known as the recognized unions will no longer act as the representatives of the men. I should like to have some words inserted, or have some understanding to the effect that if negotiations take place, they should take place before the men are actually laid off. To my mind the wording as it now appears in the section is capable of different interpretations, and before it is in operation very long we may strike many snags.

Amendment agreed to.

Subsection 1 of section 16 as amended agreed to.

Subsections 2 and 3 agreed to.

On section 16, subsection 4—Duty of C.N.R. and C.P.R. to meet by their proper officers and endeavour to arrange for cooperation.

Mr. HEAPS: Before we deal with this section, may I say that a few days ago I asked the Minister of Railways for certain information in regard to the effect of the consolidation of services between Montreal, Ottawa and Toronto. Perhaps at this stage he may give me that information.

Mr. MANION: Yes, I should like to give it. I have had it before me this afternoon, and I shall be very happy to give it. However there was another matter which I should have mentioned, but owing to the fact that we were making some progress I did not like to speak. I proposed before that there be a new subsection 4, and that the one now standing as subsection 4 be made subsection 5. I had intended to mention the fact later, but now that I am on my feet I shall read the proposed new subsection. The numbering would be changed and the following would be the proposed new subsection 4:

> Where the execution or carrying out of such a measure, plan or arrangement involves the doing of any act which by any statute requires the leave, sanction, assent or approval of the Board of Railway Commissioners for Canada, then, except where otherwise provided in this act, the approval of the said board shall be obtained.

I shall ask my colleague to move this new subsection.

Mr. MACKENZIE KING: The subsection the minister has read is different from the one he showed me. That contained the words "no such measure, plan or arrangement shall be effective without the approval of the said board."

Mr. MANION: I believe the right hon. gentleman is referring to another amendment which applies to part II.

Mr. MACKENZIE KING: The minister sent it to me two days ago stating that it applied to clause 16 at page 9 of the bill, the purpose being to add a new subsection immediately after subsection 3.

Mr. MANION: Very well; we shall come back to it at another sitting. I will simply give notice now. I thought I had given the same amendment to the right hon. gentleman, but I may have made an error.

Mr. MACKENZIE KING: It is the same section, but the wording is slightly different.

Mr. MANION: The legal adviser tells me that the draft I have read is slightly different, but a little better.

Mr. MACKENZIE KING: Very well; go ahead and move it.

Mr. HACKETT: I shall move it.

Mr. MANION: If that amendment is satisfactory I should like to have it carried, and then I would go on and give my right hon. friend—

Mr. MACKENZIE KING: Just a moment; I am not sure that the difference in the wording does not make a material change. The words appearing in the new clause suggested by the minister are "except where otherwise provided in this act." I believe the purpose of this amendment when originally drafted was—

Mr. MANION: I shall let it stand; it may be that I have given the right hon. gentleman the wrong copy.

The hon. member for North Winnipeg asked me some questions concerning changes made in train services, and the effect those changes would have upon the men. I put a series of questions along the line of those asked by the hon. member, the answers to which I have received. This is information requested by the hon. member for North Winnipeg as to the pooling of services between Montreal and Toronto and Ottawa and Toronto. My first question was, "What effect on finances of the railway?" To which I received the answer, "A betterment of approximately $250,000 per year to Canadian National Railways." I suppose the Canadian Pacific would be affected similarly.

Mr. HEAPS: Did you get information from the Canadian Pacific?

Mr. MANION: I did not take the matter up with the Canadian Pacific. The second question was: "What saving in services?" And the answer: "279,938 passenger train miles to Canadian National Railways." That may not be the exact figure for the Canadian Pacific, but it would be something like that. Then the third question was: "What labour displacement?" And the answer, "Twenty-five train service employees of Canadian National —plus certain men who will be affected by the curtailed maintenance program and the lessened servicing and cleaning of equipment, turning of engines, etc. The management state they cannot as yet determine definitely what lay-offs these changes will involve." I will send a copy of the replies to my hon. friend, and I think that it will answer the questions he asks. In the meantime let subsection 4 stand.

Mr. HEENAN: The men on the railroads are somewhat concerned with respect to subsection 2 (a)—"new companies controlled by stock ownership, equitably apportioned between the companies"—and I have an amendment to offer. I understand the minister is allowing it to stand?

Mr. MANION: Yes, because there is some mistake in the interchange of amendments between the right hon. leader of the opposition and myself.

Mr. HEENAN: I want to offer these amendments to-night so that the minister can look them over. The men fear—they do not suggest that the presidents of the two railroad companies now in office would do it, but they have to look ahead, and I take the responsibility of saying that I agree with them—that there is a possibility of a new company being formed, the Canadian National owning half the stock and the Canadian Pacific owning half, and this new company could then say to the men: "You did have rights on the Canadian Pacific; you did have rights on the Canadian National; you did have a schedule of wages; you did have agreements for many years, but this is a new company in which you have no rights whatever. We may take you in such proportions as we like, but not under the schedule of wages or working agreements you have at the present time" So I would like to offer to the minister this provision:

> Employees laid off as a result of economies effected under the provisions of this section shall be given preference for employment in any terminal or other company organized for joint operations.

That is one provision. The other would be:

Employees so transferred to or employed by any terminal or other company shall not be subject to any change in working conditions except through negotiations, and shall be entitled to be represented through their labour organizations in all matters affecting their conditions of employment.

That, I understand, is what the government has in mind, and we believe that the men should be protected to that extent. Therefore I offer these two as amendments to be added to section 16.

Mr. MANION: I could not quite follow the amendments as read but I will look them up in Hansard to-morrow. The hon. member proposes that they come at the end of section 16?

Mr. HEENAN: Well, I would like the minister to put them in in the best place.

Mr. MANION: We will let these stand for the moment. Can we deal with what is now subsection 4 but will be subsection 5 if our amendment is adopted? The right hon. leader of the opposition has looked over these amendments and I believe has agreed to this one.

Mr. MACKENZIE KING: No, it is different from the one the minister had previously shown me.

Mr. MANION: Well, they both mean the same, only the wording is a little different.

Mr. MACKENZIE KING: This last one, the one originally shown to me, would be all right.

Mr. HACKETT: With the permission of the seconder I will withdraw the amendment to add a new subsection following subsection 3 of section 16 and will offer the following amendment, to be a new subsection 4:

Where the execution or carrying out of such a measure, plan or arrangement involves the doing of any act which by any statute requires the leave, sanction, assent or approval of the Board of Railway Commissioners for Canada, no such measure, plan or arrangement shall be effective without the approval of the said board.

Mr. MANION: That will be subsection 4.

Amendment agreed to.

On section 16, subsection 4—Duty of C.N.R. and C.P.R. to meet by their proper officers and endeavour to arrange for cooperation.

The CHAIRMAN (Mr. MacDonald, Cape Breton): This subsection will now be numbered 5.

Subsection agreed to.

Mr. HEENAN: As I understand it, the whole of section 16 is now carried?

Mr. MANION: Everything except the hon. gentleman's amendments.

Mr. HEENAN: Well, they are very harmless. They would take only a minute; if you would accept them we could pass the whole section.

Mr. MANION: We are holding up practically all the amendments. The only one we have dealt with is the one we have been discussing all day. I would rather like them to stand.

Mr. HEENAN: As long as we understand that section 16 is not completed.

Mr. MANION: No, it stands.

Section stands.

On section 17—Tribunals to be erected as required.

Mr. MANION: May I suggest that one subclause, (e), was to be removed.

Mr. BOWMAN: I so move.

Amendment agreed to.

Mr. CASGRAIN: On division.

Mr. MACKENZIE (Vancouver): Under protest.

Mr. HEENAN: The committee is going too fast for me. Someone moved that something be struck out there, and I don't know what it was.

The CHAIRMAN (Mr. MacDonald—Cape Breton): Subclause (e), abandonment of lines, services or facilities.

Section as amended agreed to.

On section 18, subsection 1—Chairman and members of tribunal.

Some hon. MEMBERS: Carried.

Mr. CASGRAIN: On division, under protest.

Mr. MANION: Just a moment—

Mr. CASGRAIN: Too fast for the minister!

Mr. MANION: In regard to section 18, I am sorry to delay my own bill but we wish to have it in as good shape as possible. There is a slight change in the first clause of section 18 which I will ask an hon. gentleman to move. It is that after the word "Canada" in line 12—Exchequer Court of Canada—the following be inserted:

Or in the event of such president acting as chief commissioner, a judge of the Supreme Court of Canada.

In other words, to avoid his occupying two positions.

Mr. HACKETT: I move that.

Mr. POWER: The Canadian Pacific is cooperating beautifully.

Amendment agreed to.

Subsection 1 as amended agreed to.

On section 18, subsection 4—Procedure if representative fails to act.

Mr. MANION: The word "in" in the second line should be changed to "is"; it is a typographical error.

Amendment agreed to.

Section as amended agreed to.

On section 19—Hearings to be held in matters of substantial public concern.

Mr. HEENAN: This section states:

If, in the opinion of the presiding officer of any tribunal, any application made to him raises matters of substantial concern to the public or a section of the public, he may direct—

Remembering the powers that are given the arbitral tribunal, does the minister not think this section should state that the presiding officer shall give notice in some way, perhaps through the press, of matters of public concern? I do not want to reiterate again and again the powers of this tribunal, but surely it should not be left to the opinion of the chairman as to whether or not a particular matter concerns the public. I have in mind the possibility that some service may be abandoned which would affect those living along that line. This could be done by the tribunal without notice to the public and without the people situated along that line having the right to submit their argument to the tribunal. I think already the presiding officer has more power than he should have, and surely he ought not to have in addition the power to determine whether or not a certain matter is of public interest. I think we should make it mandatory on the presiding officer to make public the applications coming before the tribunal.

Mr. MANION: A portion of this clause is mandatory; if the hon. gentleman reads subsection 2 he will see that where the matter affects the province the presiding officer must notify the attorney general of that province. It is true that in other cases it is left to the opinion of the presiding officer, but after all we must give the chairman of such an important tribunal credit for being reasonable, and we must believe that he would give a just and fair decision in a matter affecting any section of the public. I do not think we need argue because the matter is left in his hands to a certain extent. Probably many cases will come up in which it will not be necessary to hold public hearings because there will be no other interest involved than the two companies. I think we can safely leave it in the hands of the man who is appointed to that important position, especially since no abandonment can take place without the approval of the Board of Railway Commissioners. As my hon. friend knows, that is an amendment we will move a little later.

Mr. SPEAKMAN: I must confess that I rather agree with the hon. member for Kenora-Rainy River. I think the minister was quite right when he said that many cases, perhaps the majority, may be left to the discretion of the presiding officer, but even in section 2 I see the words:

—which in the opinion of the presiding officer specially affects any province of Canada—

So it is not mandatory; it is left to his discretion, both as to whether the matter is of public interest and as to whether representations shall be received. Certainly I think that in important matters it should be possible for those interested to make representations on behalf of interested parties. It seems to me that we are giving very wide discretionary powers to the chairman of the tribunal. I am quite prepared to give him wide powers, but it seems to me that here we are going almost too far when we leave it to him to decide whether or not the hearing shall be public and whether or not any representations shall be made. I can quite conceive that in this work of cooperation many matters may come up of very great interest not only to the railways but to other parties as well, and I think some provision should be included by which interested parties should be able to make representations where that seems advisable.

Mr. MANION: I think that is the intention of the act. My hon. friend must remember that the chairman of the tribunal is not interested in either of the companies; he is in a position of independence. He has no interest in concealing any of these applications from the public. He is placed there in a judicial capacity, if you like, representing the public, so that he will have every interest in protecting the public. I am informed that

these really are the same rules under which the Board of Railway Commissioners operate.

Section agreed to on division.

Sections 20, 21 and 22 agreed to on division.

On section 23—Certain orders of tribunal require formal written consent of presiding officer.

Mr. MANION: There are some changes to be made in connection with this section, so I think we had better let it stand and go on with the others.

Section stands.

On section 24—Tribunal orders prevail over orders of railway board.

Mr. SPEAKMAN: In view of one or two amendments which are to be introduced giving the Board of Railway Commissioners jurisdiction in certain specified cases, should we not add, "except as otherwise specified in the act"? That would bring it into conformity with the amendment the minister mentioned a short time ago. It is provided in this section that in the event of any conflict the decision of the tribunal shall prevail over that of the board. There are one or two instances where the board is to have jurisdiction over the tribunal, so I should think this section should be made to conform with the rest of the bill.

Mr. MANION: I went into that question some time ago, and it was not thought that section 24 would overrule the other clauses. However, we might let section 24 stand and we will frame an amendment to cover the point.

Section stands.

Section 25 agreed to on division.

On section 26—Quashal of a dispute.

Mr. YOUNG: Before this section carries, may I ask the minister whether he can give me answers to the questions I asked.

Mr. MANION: I will pass them over to my hon. friend and not bother putting them on Hansard. They are rather complicated and he can study them at his leisure. If he wishes to deal with them later he can do so.

Mr. YOUNG: Thank you.

Section agreed to.

Progress reported.

On motion of Mr. Bennett the house adjourned at 10.55 p.m.

[Mr. Manion.]

Friday, April 21, 1933

The house met at three o'clock.

RAILWAYS AND SHIPPING

Mr. R. B. HANSON (York-Sunbury) presented the second report of the select standing committee on railways and shipping owned, operated and controlled by the government and moved that the estimates referred to in the said report be referred to the committee of supply.

Motion agreed to.

CANADA GRAIN ACT AMENDMENT

Hon. H. H. STEVENS (Minister of Trade and Commerce) moved for leave to introduce Bill No. 79, to amend the Canada Grain Act.

Some hon. MEMBERS: Explain.

Mr. STEVENS: This bill deals with one or two matters in connection with the general administration of the act which it is desired to correct. One amendment arises out of a decision of the courts in regard to the insufficiency as to title to the grain of the bills of lading on the great lakes where the trip is broken and the grain unloaded into a transfer elevator. The other amendment deals with the practice in the port of Montreal and other ports of using grain for the loading of ships which may not be quite correctly documented under the present system. It is to correct these two matters that the bill is being introduced.

Motion agreed to and bill read the first time.

ADVANCES TO PROVINCES

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, I wish to table correspondence with the provincial authorities and to give a copy to the right hon. leader of the opposition.

PENSION ACT AMENDMENT

Hon. MURRAY MacLAREN (Minister of Pensions and National Health) moved the second reading of Bill No. 78, to amend the Pension Act.

He said: Mr. Speaker, it has been decided to refer this bill to a small special committee. This will meet the requests which were made in the house yesterday.

Motion agreed to and bill read the second time.

Mr. MacLAREN: I beg to move, seconded by the hon. member for North Oxford (Mr. Sutherland) that the said bill be referred to a special committee to be hereafter named, with power to report from time to time.

Motion agreed to.

Mr. BENNETT: I thought the whips might be able to agree on the personnel of the committee between now and Monday, and then on Monday the committee could be named.

Mr. MACKENZIE KING: What number is it proposed to have?

Mr. BENNETT: It is proposed to have a committee of twelve. That number has been found to work out satisfactorily having regard to the membership of the various parties in the house.

SUPPLY

DEPARTMENT OF MARINE

The house in committee of supply, Mr. Gobeil in the chair.

Marine—
Salaries, $301,932; contingencies, $57,500.

Mr. NEILL: Mr. Chairman, I suppose this is the only item in the minister's estimates under which we will have the opportunity of discussing matters of a general character. With that in mind I should like to discuss the matter of the appointment of port surveyors. Owing to the changing of the Canada Shipping Act in its application to load lines, it became necessary to facilitate the operations of shipping, to appoint surveyors. Particularly was that so in those ports where lumber was the chief export. I suggest the port of Port Alberni has not been treated fairly.

Two men—and I understand they are capable men—have been appointed in Vancouver, and one in Victoria. The man in Victoria is authorized to carry out the supervision of ships loading lumber not only at Victoria but at points such as Nanaimo and Ladysmith. However the work in connection with the port of Alberni is being done by the man from Vancouver. I wish to emphasize that I have no complaint to make against the ability of that man. But the situation is such that shippers of lumber from the port of Port Alberni are operating under a very heavy handicap. In one sense that port is somewhat remote from Vancouver. That is to say a full day's time is required to get there, and another day to get back. The work is of such a character that a local man should be on hand to do it. It is not merely a matter of looking at a ship and saying, "All right, you can take the boat out." Constant or at least intermittent supervision is required while the boat is being loaded, and that attention cannot be given by a man whose residence is a day's journey away.

The port of Port Alberni is deserving of careful consideration, because it is the third largest shipping port in the province of British Columbia. Hon. members may be surprised to learn that we out-rate Victoria, the capital city. We ship more lumber from the port of Port Alberni than is shipped from Victoria. Yet, when there is a man stationed at Vancouver we have not one at Port Alberni, with the result that there are several forms of injustice. The fee for inspecting a boat is ten dollars. I do not know who is supposed to pay it, but in the last analysis no doubt it is the shipper of the lumber. If the man has to come from a distance the shipper has to pay expenses both going and coming and living expenses. That, to begin with is an unfair charge, because it handicaps the shippers at Port Alberni who are in competition with other shippers.

Yet that is not the most important feature. This is a technical matter with which I am not thoroughly familiar; to decide where a load line shall be is an extremely complicated problem, under the new regulations. A man thoroughly versed in loading lumber, a marine man and one who has to have quite a good education, must do the work. The particular spot where the load line is to be placed is not so much his concern; that is ascertained by a preliminary surveyor. The chief duty of the port surveyor is to ascertain the amount of lumber that shall be put on the deck load. To those who do not understand marine matters I should explain that the surveyor could come along and say, "Well, take a thousand feet off that deck load." It would be easily done. However that is not the way it works out. A man may have a million and a half feet of lumber to ship. He knows where it is going. Some of it may be of a specific kind, or of a type most adapted to be shipped on the deck. Perhaps because it is too long, or for some other reason it cannot be put below deck. Under those circumstances the shipper would have half a million feet to place on the deck. After he has completed loading and placed the half million feet on the deck the surveyor, who has not been in attendance when the work was in progress, may come along and say, "You will have to take two hundred thousand feet off." In that way the order is broken. It means that not only will he have to take off two hundred thousand feet, but he will have to take the whole deck load off, take out a certain portion of the lumber

below deck and replace it with some of the deck load which had to be taken off under the direction of the surveyor. The shipper must have the top load go on the ship somewhere, so he has to take the whole half million deck load off, then take some out of the hold and replace it.

That is only one illustration. I am trying to indicate the necessity of the surveyor being in the immediate vicinity, so that he may be called or consulted during the progress of the loading. He may come down and say, "That ship is sinking too fast by the head; I do not think I will allow any more in the forward hold"—or on the deck load, as the case may be. Under those circumstances the shipper guides himself accordingly, and makes appropriate arrangements. But when the surveyor is a day's journey away, he cannot give that supervision. He would not be paid if he came between times. These facts illustrate the necessity of always having a local man on hand. Of course he would not have to stand and watch the ship being loaded. The $10 would not be sufficient for him to do that, but he can glance at it from time to time.

Although I have discussed the most important feature, there is another one worthy of consideration. Very often the ships are running strictly on schedule time. If in loading they are detained more than a certain number of hours there are heavy demurrage charges. They do not know exactly when the boat will be completely loaded; possibly they cannot tell within forty-eight hours. If a surveyor is sent from Vancouver to be on hand at the time the shipper anticipates the boat will be loaded, and upon his arrival it is not loaded, there are all kinds of trouble. If on the other hand when they send for him they find he has gone north of Powell River or some other comparatively remote port then the boat is tied up and someone has to bear heavy demurrage, perhaps $500 a day. For all these reasons and others which I could indicate I would impress upon the minister the necessity of appointing a local man, even if he is only an acting port inspector. Such men can be got at the port of Alberni, thoroughly competent to do the work. It is going to create a quite unnecessary handicap on this industry, which as we all know is struggling desperately at the present time. There are two or three mills that have been shut down most of the winter and they are just beginning work on a very meagre basis now, and should not be subject to any avoidable handicap. If I were asking the government to spend money it would be different, but I am not; I am simply asking them to appoint a competent man in Port Alberni to do this work, as they have done in Vancouver. The Vancouver man is too far away, and the expense and time to bring him is too great. I do ask the minister to look very thoroughly into this phase of the situation. Perhaps he can give me some information now.

Some hon. MEMBERS: Carried.

Mr. NEILL: No, it is not carried.

Mr. DURANLEAU: Mr. Chairman, I am glad my hon. friend has brought this question before the committee. It is the first intimation I have had of any complaint about the surveyors we have on the Pacific coast for the enforcement of the load line convention. But the desire of the government is that our exporters and shippers shall have all possible facilities. I will be pleased to inquire, and if we can do what my hon. friend suggests, appoint a surveyor especially for the port of Alberni, we will do it. I shall be happy to inquire.

Mr. NEILL: I thank the minister. I might say that the government have a little interest in Port Alberni. They put a timber assembly wharf there that cost $125,000, and it has paid its way "from the grass roots," so to speak, the only wharf in Canada that has been known to do that. It is a credit to the foresight of the late ministry, so the government has some interest in seeing that it is made a success. I do not want the minister to take it that I have any complaint about the men appointed, they are quite competent men, the only thing is that it needs a local man.

While I am on my feet and before my hon. friends opposite cry "carried" again, I would ask the minister if he has any intention of building another lighthouse tender. These matters are just as important to the Pacific coast as the grain situation is to the prairies; we sat here very patiently while the Grain Act was being discussed, and we ask the same courtesy of hon. members now. I think I brought the question of a lighthouse tender to the attention of the minister last fall. The only boat doing the work now is the Newington; she is old and never was a very suitable boat. They had a very good boat some years ago but it had to be thrown aside. Some day that Newington is going to break down, it is far gone in a senile condition now, and when it does break down there is going to be a desperate situation in connection with the lighthouse service. Notwithstanding the need for economy, which I quite admit, I think it is poor policy not to foresee the more or less

immediate need for another boat. You cannot pick up suitable lighthouse tenders in a day or two, they have to be built. I hope the minister will give some assurance that even if he is not able to get one immediately he at least has it in his mind to arrange to build such a boat.

Mr. DURANLEAU: As to the necessity of replacing that boat by a new one, I am quite in accord with my hon. friend. The reports of my officials are to the same effect. But this year we have to cut down expenditure, so unfortunately the project will have to be postponed until next year.

Mr. NEILL: Just one word more. I am glad to find myself so much in accord with the minister's views. I want to ask a question which is not of a critical character. I see in a local paper that a patrol cutter apparently called the Adversus is going to leave Halifax on May 5th to take up patrol work on the Pacific coast. Could the minister advise us as to the character of this boat and the work it will be engaged in, or what kind of boat it will replace? Is it intended to replace the Thiepval, or what is it intended to do?

Mr. DURANLEAU: I am sorry I cannot give a definite answer to my hon. friend, as this boat belongs to the preventive service of the customs department.

Mr. CARDIN: I observe the estimate does not provide for the salary of a chief engineer. Is it the intention of the department to do away with the services of the chief engineer?

Mr. DURANLEAU: According to an order in council adopted some months ago, all positions vacant at a certain date were abolished, automatically. But we have in the contingencies estimates sufficient money to provide for it when the appointment is made.

Mr. MacLEAN: I notice on page 82 of the estimates there are quite a number of items in connection with the radio service. I find there is a director of radio service at $5,220; superintendent of radio service, $3,960; senior radio electrical engineer, $3,840; and chief radio inspector, $3,060; and senior radio inspectors, two, at $2,580; a total of over $21,000 for these officials in the radio branch. I thought it was understood that when the commission took over the service they would administer it. I would like to ask the minister if those positions I have referred to are independent of the commission, if those men will be retained in the service doing the same work as they were doing before, and if the commission will carry on a different branch of the service?

Mr. DURANLEAU: Radio under the Department of Marine is quite separate from the radio commission. The radio commission attend to broadcasting; they may have their own engineers for broadcasting. The Marine department attends to communication and "trouble" services all over the country, and radio direction finding. So we have to retain our own engineers and staff.

Mr. BROWN: Now that radio has been mentioned perhaps this is a favourable opportunity to refer to a matter that was brought up in the house some few days ago—

Sir GEORGE PERLEY: If the hon. gentleman will excuse me, there is a little further on an item about radio.

Mr. BROWN: Well, I am willing to postpone the matter.

Mr. MARCIL: Has any progress been made regarding the appointment of a deputy minister of marine? How can the department get on without a deputy?

Mr. DURANLEAU: I am sorry my hon. friend did not direct his question to the Prime Minister. He has the power to appoint the deputy minister.

Mr. BROWN: Are we discussing the whole of item 24 of which details are given on page 82?

Sir GEORGE PERLEY: Yes.

Mr. BROWN: Then surely any particular item in this list may be discussed at this time.

Sir GEORGE PERLEY: Certainly; my hon. friend has that privilege, but there is a particular item a little later on with regard to radio.

Mr. CASGRAIN: With further reference to the appointment of a deputy minister of marine, some time ago I directed a question in that regard to the minister, who referred me to the Prime Minister. I asked the same question of the Prime Minister, but I could not get a definite answer. Now the question has been asked again by the hon. member for Gaspe, and I should think the Minister of Marine and the Prime Minister have had time to consider the situation and decide what is to be done. Surely they are not going to leave that position vacant for another year. I think it is in the interests of the department, of the people in this country generally and also of the government that such a high post should be filled as quickly as possible. I am sure that in the department there are competent officials who might be promoted; other

persons have been mentioned with reference to this position as well, and I think it is necessary for the proper conduct of the affairs of the country that this appointment should be made. I have no doubt it would be a great help to the minister if he could be relieved of all the work of administration in connection with his own department, and he could do that by obtaining the services of a well qualified, well equipped man. Sometimes my hon. friend has to go away; for instance, last year he made a successful trip to Spain. Perhaps next year he may go to another country to represent Canada, perhaps Russia, and the department will be rudderless, operating without proper direction. I think we should have from the minister a statement as to the approximate date when this position will be filled.

Mr. DURANLEAU: I do not think it is fair for my hon. friends to ask the minister when such an appointment will be made, when it is well known that under the law the appointment is made by the Prime Minister. I do not understand why the matter is brought up when the Prime Minister is not in his seat.

Mr. CASGRAIN: The other day the Prime Minister told me the matter was under consideration. Surely in the interval, and especially in view of the fact that we are getting towards the end of the session, some progress has been made in the matter. I know both my hon. friend and the Prime Minister are busy, but I would ask the hon. gentleman now whether an application or recommendation has been received with regard to certain persons in connection with this position. The minister cannot make the country believe that the Prime Minister does the whole thing alone. We know he does most of the work of the government, but surely my hon. friend will not let anything be put over him; surely he will not let the Prime Minister dictate to him how his own department shall be run. I do not think the hon. gentleman would let the Prime Minister appoint, without consultation, without advice and without authority, a man whom the minister himself might not trust and whom he might not care to have administering his department. It is very good to have the Prime Minister running the country and all the departments of the government, as we surmise he does, but I have known my hon. friend in a professional and business way, and from the way he has carried on his department and from the appointments he has made I am reasonably sure that he would not allow the Prime Minister to force him to accept some person whom he might not like. I think the country should know when this position, which is one of the most important in the country, is to be filled. It has been vacant for almost a year now, but when we ask the minister when the appointment will be made we are told that the Prime Minister has the last say.

Mr. DURANLEAU: That is the law.

Mr. CASGRAIN: But the Prime Minister is not in his seat. My hon. friend wants the country to believe that he is going to submit like a good little boy to the dictates of the Prime Minister. I do not believe it and the country will not believe it. We want to know when this position will be filled.

Some hon. MEMBERS: Carried.

Mr. CASGRAIN: I have put a direct question to the minister; I asked if he has received any applications for that position or if certain persons have been recommended to him. I should like an answer.

Mr. DURANLEAU: Everyone knows that all applications must be directed to the Prime Minister, who appoints the heads of departments. I am surprised to hear my hon. friend say that he does not think the minister will let the Prime Minister go over his head in the making of this appointment. That is not the question at all; the law says that the heads of departments shall be appointed by the Prime Minister, and I believe in abiding by the law. I cannot tell my hon. friend when the appointment will be made; that question should be directed to the Prime Minister.

Mr. CASGRAIN: Then I will direct another question to the minister. Is it not a fact that applications for this position go to the minister, and has he received any application from any person?

Mr. DURANLEAU: No, the applications go to the Prime Minister, who makes the appointment.

Mr. CASGRAIN: Then let me ask the minister if he has heard of any application being made for that position.

Mr. DURANLEAU: I do not attach much importance to gossip.

Mr. CASGRAIN: Has the minister himself received any application for that position?

Mr. MACDOUGALL: The minister has already answered that question.

Mr. CASGRAIN: My hon. friend is not the minister. I should like an answer to my question, which I think is a fair one.

Mr. BOUCHARD: I think the question of this appointment has been a great disappointment to the country.

Mr. MacLEAN (Prince): We were led to believe that the government intended to reduce all the estimates, but I notice an increase of $4,500 here. If the Department of Marine is carrying on all the services it carried on previously; if it has been found necessary to increase the estimates by $4,500 surely it follows that a deputy minister is needed. If there is no need for a deputy minister now surely there was no need for one in former years; the money paid previously must have been thrown away. I think it is up to the minister to give us a clear understanding of this matter. First he should tell us why the vote is increased by $4,500, and then he should say whether it is necessary to have a deputy minister and, if so, when that appointment will be made.

Mr. DURANLEAU: I think my hon. friend is mistaken; we have a total decrease of $9,054 in civil government. In the first item there is a decrease of $13,554, and there is an increase of $4,500 in the contingency item. As I said a moment ago, the position of chief engineer is not provided for in the first item, but it will be looked after under the next item. That might explain the increase of $4,500 in the second item, which is more than offset by a decrease of $13,554 in the first item.

Mr. MARCIL: Along with other members of the cabinet the minister represents the Montreal district. Has he taken cognizance of the resolutions passed yesterday by the chamber of commerce and the board of trade of Montreal, representing the business men of that city, to the effect that the government has made no attempt whatever to reduce the expenditures of this country? Is he prepared to apply the recommendations of those bodies to his own department?

Mr. DURANLEAU: I have not yet taken communication of any resolution adopted by the chamber of commerce or the board of trade of Montreal, but I may inform my hon. friend that since we have been in office we have abolished over four thousand positions and reduced expenditures accordingly.

An hon. MEMBER: And increased unemployment.

Mr. DURANLEAU: I am sure that those who criticize the government are not aware of these facts.

Mr. MARCIL: The chief organ supporting the government in Montreal, the Montreal Gazette, one of the best newspapers in the dominion, published yesterday and the day before editorials which I commend to the minister; he should take them into consideration. As regards these four thousand employees the hon. gentleman now mentions, I do not know what their political complexion is but I do know that in my own constituency every man who has been dismissed is a Liberal. Yesterday the Postmaster General dismissed Edward E. Sweetman of Port Daniel Centre, a man who had been for a considerable number of years in the service, and a request to have him retained was made by the Lord Bishop of Quebec. The minister no doubt overlooks that. Of these four thousand how many were Liberals and how many Conservatives? Can the minister tell me that?

Mr. DURANLEAU: My hon. friend refers to the Montreal Gazette and mentions an article in that newspaper with reference to the necessity for reduction in expenditures. May I in turn refer him to another newspaper, the Journal, and ask him to read yesterday morning's editorial, which furnishes a complete answer to the article in the Gazette.

Mr. MARCIL: The citizens of Montreal declare that they are prepared to carry their share of the burden; the business men of that city are ready to pay their taxes. But they want this government to give some evidence of economy. They point out that there are three or four departments which could easily be abolished. Here, for example, we have two departments which might be under the minister, the Department of Marine and the Department of Fisheries, and on top of that we have a duplication so far as radio is concerned; the minister is running one part of the radio organization while the radio commission sees to the other part of it. The minister will have a staff of his own and the radio commission their own staff.

By the way, in the matter of radio broadcasting, has the minister received complaints within the last week with regard to duplication of services? Has it been represented to him that one service is running into another, that some of the most important services from the United States, the Columbia station, for instance, are being neutralized by the multiplication of services in this country? Is he prepared to look into this matter? I know the minister is sincere, and he is a young man in public life, so that he wants to make good. Surely therefore he must realize the importance of the representation made by the business men of Montreal. These men want

to see some tangible evidence of economy on the part of the government. If I had time I could go over a list of departments that could easily be done away with or merged into other departments. That is what the Gazette is pointing out, and it is what these business men of Montreal wish to see brought about. They do not want the government to cut down by ten cents the pay of the labouring classes, charwomen and the like; they want the government to practise real economy. Take the Department of Railways for instance. That used to be one of the most important departments; to-day, if you ask the minister for information, all he says is, "I cannot give any information; I shall have to ask Montreal." So that Montreal is running the railways. Well, what is the use of that department? Why not take canals and put them under the Marine department? That is where the department could perform a useful service. Again, take the Health department, another one to which attention has been drawn. That deals only with animals, because the health of human beings is looked after by the provinces. Here we have a department that could easily be done away with; the services now performed by the Department of Health, so far as animals are concerned, could be done by the Department of the Interior or some other branch of government, perhaps the Department of Agriculture. And so on. I really think the minister should give some attention to the request made by the business men of Montreal, who after all carry a large share of the burden of this country, and who rightly insist that the government should show some practical evidence of their willingness to cut down the expenses of this country as far as possible. God knows we are governed enough; we have nine provincial governments, hundreds of municipal governments and county councils, and altogether we are governed to death. We have reached the crossroads, and if the offer from the United States does not result in a change in our commercial relations I do not know what will happen.

Mr. DURANLEAU: I can assure the committee that we are taking every possible means to curtail expenses. As a matter of fact a great number of items voted last year in my department, though they were reduced votes, have not been fully expended. We have tried to curb expenditures to the limit, and we are as much in sympathy with the taxpayers of the country as the former government was, indeed perhaps more. As regards the duplication of services in connection with radio, I do not think my hon. friend clearly understands the situation.

Mr. MARCIL: I read the Journal last night. That newspaper is highly regarded by the minister and it complains that one of the best services from the United States, the Columbia station, is completely neutralized by duplication on this side.

Mr. DURANLEAU: The hon. gentleman is referring to wave length, but that has nothing to do with my department. Our system is the same as the system in England, where the British Broadcasting Corporation and the Post Office Department divide the services involved in radio broadcasting. There, the Post Office Department attends to the collection of radio licences and interference troubles, and in Canada the Marine department collects the licence fees and carries on the interference service, while the radio commission attends to broadcasting, interference between stations, wave lengths and so on. I do not think there is any duplication in service.

Mr. MARCIL: I understand that the radio commission was appointed as a non-political organization. That promise however has gone by the board with the others.

Mr. CASGRAIN: Faded away like the rest.

Mr. MARCIL: I understood that the commission would control radio in Canada but now we have a dual organization, the minister in charge of one and the commission in charge of the other. When we ask him for information in regard to radio he replies in the same way as the Minister of Railways, "You must ask the commission." When we ask a question we are told that it cannot be answered and we are referred to the commission. Who is to speak in this house for the radio commission? Is it going to be independent and above parliament?

I am an old-timer; I am an old fashioned politician and I can remember the time when a member of parliament was somebody. He was the connecting link between the people and the government of the day and was not handicapped by commissions. He had the trust of the people and if he was a government supporter, he had the trust of the ministers of the crown. If something went wrong there was someone who could be blamed—that was the old style responsible government. To-day we have so many commissions that the ordinary elector is bewildered. Some of the older generation say to me: When you went to parliament in the old days it meant some-

thing but now you do not seem to be able to do anything for us when we write to you. We have the railway commission, the radio commission, the soldiers' commission, the pension commission, the civil service commission and other forces of that kind. Yesterday I asked a question of the Minister of Railways in connection with a contract for railway ties which had been awarded but I could not obtain any information. As far as matters pertaining to radio are concerned, we seem to be in the same position. We are also in the same position in connection with the civil service. I voted for the civil service commission in 1908 when the Hon. Sydney Fisher introduced his bill. At that time we felt that it was necessary that a commission should be appointed to handle the inside service but we had no idea of making this commission applicable to the outside service. The Postmaster General demonstrated that last year when he took post offices having a revenue of under $400 per year away from the civil service commission.

I do not know where all these commissions are going to lead us. At the present time it seems that this house comes here merely to vote money and nothing else. On the one side, we have the party in power remaining silent; on the other we have a party which says what it likes or what it is allowed to say, and then everything goes by. When we go back to our electors they ask all kinds of questions but we find we are helpless as far as giving information is concerned. We find we are up against the civil service commission, the soldiers' commission or something else of that kind. I have been urging a case before the pension board for the last eight or nine years. This is a widow whose only son was killed in action; the municipality has to look after her but I have been unable to get one dollar for the poor woman. People are beginning to wonder just what is the use of having members of parliament when everything is being done by commissions made up of civil servants.

We all know how the different ministers are harrassed by office seekers. This has been the case ever since 1867 when this country was organized. A man who has served his party feels that he can come here and exact payment for his services. They feel that when they work for a party and that party is in power, they should be rewarded. The country is spending thousands and even millions of dollars in keeping up these commissions. I understand two or three of these commissions are to be abolished by the amendment to the Pension Act introduced yesterday. This costly system of government is crushing the people of Canada. They are carrying a burden which we never had to carry in days gone by. I think the Montreal Gazette and the Montreal chamber of commerce are quite right in asking this government to make a determined effort to cut down the cost of government.

Mr. CASGRAIN: The hon. member for Bonaventure has referred to the article which appeared in the Montreal Gazette. There was also one which appeared in the Ottawa Journal, and I should like to ask the minister just which article is correct. No answer! That is your condemnation.

Item agreed to.

Ocean and river service—

Radio service, to provide for the construction and maintenance of radio ship to shore stations and the general administration of the provisions of the Radio Act and regulations throughout the dominion, $679,550.

Radio service, to provide for the general improvement of reception conditions to licensed broadcast listeners, $280,400.

Mr. DURANLEAU: A full discussion has taken place upon these two items.

Mr. CASGRAIN: When these items were up before a somewhat lengthy debate took place in connection with a new licence which had been issued by the department apparently in the absence of the minister. At that time I referred to complaints which had been brought to my attention as to the use being made of this station. The propaganda from this station was not against any political party or any municipality or province, it referred more particularly to the institutions of this country. I have listened to this station a couple of times and I have read certain articles which have appeared in the press. I am sure the minister must have received complaints as to the use being made of this station in Montreal. Has he any further information to give to the committee? There has been considerable agitation among the population of the city of Montreal in connection with the programs broadcast from this station.

Mr. DURANLEAU: Since the last discussion in this committee, the radio commission received a complaint from a citizen of Montreal concerning the utterances broadcast from one of the stations in that city. I have received many letters and telegrams protesting against the complaint which had been made by this citizen. These people contended that nothing objectionable had been broadcast from this particular station. Since then I have not had the opportunty of listening to what has been

said over the radio by the association to which my hon. friend refers, but previously I did listen in a couple of times to form my own judgment because of complaints that had been made, and I must say I did not find anything reprehensible in the statements which I heard on those occasions. I may add that since that protest I have not heard any complaints from anybody.

Mr. CASGRAIN: Would the minister have any objection to giving to the committee a copy of the communications he has received, so that we may know from what source they emanated? Were they confidential telegrams or communications?

Mr. DURANLEAU: I am not prepared at the moment to say whether they were confidential or not because I have not the documents with me, but I have no objection to looking them over and seeing whether they are confidential or not.

Mr. CASGRAIN: If they are not confidential will the minister bring them down?

Mr. DURANLEAU: If they were confidential, of course, I could not make them public without the consent of the signer.

Mr. CASGRAIN: If they are not confidential a motion could be made in the house in the regular way for their production, so I do not see what objection the minister should have to bringing down the telegrams he has received.

Mr. DURANLEAU: I have no objection if they are not confidential.

Mr. CASGRAIN: With further reference to this matter, has there been of late any enlargement of the zone of operation of this same station in Montreal? Has it been permitted to increase its power?

Mr. DURANLEAU: Not to my knowledge.

Mr. CASGRAIN: I remember reading an article in the paper some time ago saying that this station had been given a longer wave length. I have not the paper by me at the moment, but I would ask if that is true.

Mr. DURANLEAU: The channel might have been changed, but that does not increase the power of the station. What the station was asking for, I think, was an increase of power.

Mr. CASGRAIN: Yes.

Mr. DURANLEAU: They did not get that. I think that the radio commission gave the station another wave length because there was too much interference with the one they had, but there has been no increase of power. It is a station of 100 watts only.

Mr. CASGRAIN: What was its wave length when the station was first licensed, and what is it now?

Mr. DURANLEAU: The first wave length was granted only temporarily, on trial. It was 1210 and now it is 1120.

Mr. CASGRAIN: Has the wave length of any other station been reduced or have all the stations in the province of Quebec the same wave length that they had before?

Mr. DURANLEAU: I think there was a change of channel for one station in Montreal and one station in Quebec.

Mr. CASGRAIN: Which station?

Mr. DURANLEAU: In Montreal the Marconi station, and in Quebec CKCV, operated by Vandry Incorporated.

Mr. CASGRAIN: The last time we were discussing this subject there was a debate on the payment of radio licence fees, and there was some discussion as to the commission that was being received by the supervisor in the district of Montreal in charge of collecting the fees. Has that whole question been settled, and have all the amounts of money collected by the present supervisor been turned in to the department?

Mr. DURANLEAU: The number of licences sold in a house to house canvass from September 20 to February 22, which is the last statement I have, was 11,385.

Mr. CASGRAIN: Have all these licences been paid for, and a settlement made with the department, or has that number of licences simply been issued?

Mr. DURANLEAU: The collectors have to buy their books and pay in advance before going on the house-to-house canvass.

Mr. CASGRAIN: If I understand the situation aright, the officials of the department buy the licences and then sell them, and turn the fees they receive over to the department less a certain commission.

Mr. DURANLEAU: The department in Montreal keeps the licences, and the supervisor in charge of the issuance of licences in Montreal buys the books of licences from our branch there. Last year he had to pay cash for those books, $16 for a book of ten licences. Thirty cents was paid to the canvasser and ten cents to the supervisor on each licence.

Mr. CASGRAIN: Twenty per cent commission.

Mr. EULER: That is 20 per cent.

Mr. DURANLEAU: For the whole commission, yes.

Mr. CASGRAIN: Has the department received a settlement of all the fees that have been collected in other parts of the province of Quebec?

Mr. DURANLEAU: It is all on a cash basis, payable in advance, everywhere in Canada.

Mr. BROWN: It will be recalled that a short time ago the minister, in reply to a question of mine, made a statement to the house with reference to the banning of Judge Rutherford's lectures from the radio. I do not know that I should have spoken at this time or dealt with the matter further had it not been that I assumed some responsibility for circulating throughout the country the answer made by the minister. I did this because I had received a good many communications protesting against the banning of those lectures, and I was not in a position to make any effective reply from my own knowledge. So that there may be no misunderstanding on the part of anybody, may I say that I am not at all in sympathy with Judge Rutherford's exposition of the scriptures. However to forbid men interpreting the scriptures and teaching whatever doctrines they see fit, so long as it is done without transcending the bounds of decency and without needless offence, does not agree with my views regarding religious liberty. Whether Judge Rutherford did or did not transcend those bounds I will not undertake to say. It seems however that the chairman of the commission objected that the judge in question had referred to him as a liar, a thief, a Judas and a polecat and therefore fit only to associate with the clergy. I agree that these are not complimentary remarks coming from any person.

It would seem however that Judge Rutherford has no monopoly on that kind of language. After I brought the matter up in the house I was waited upon by one of Judge Rutherford's disciples who protested against the reply which had been made by the minister. He called my attention to the fact that as long ago as August 16, 1927, there appeared in the Saturday Night, of which Mr. Charlesworth was the editor, an article dealing with Judge Rutherford and his propaganda. The article would indicate that when Mr. Charlesworth was placed in the position he now occupies, namely that of chairman of the radio commission, he was not entirely unprejudiced. Therefore in fairness I believe I should read some extracts from the article to show that Judge Rutherford had not a monopoly of offensive language. I have not time to read the whole of it, so I shall read only some extracts. The first is as follows:

> Recently Toronto had the doubtful honour of entertaining once more a heavy-jowled flannelmouth known as "Judge" J. F. Rutherford, grand vizier of the "Russellites" or the International Bible Students' Association, together with some thousands of his followers. What the said Rutherford is a judge of we do not know—perhaps of cigars, perhaps of fat swine —perhaps he is called judge by way of persiflage, just as an elevator man is called "Cap."

Then, further on:

> The war is over and peace loving people are willing to let by-gones be by-gones, but they do object to wandering blatherskites and professional liars starting the war all over again on Canadian soil. That Rutherford is a lying demagogue is apparent from the text of his addresses, in which he exploits the old fallacy that there is one law for the rich and another for the poor.

Towards the end of the article this complaint is made:

> On the night of July 21, reputable fathers of families anxious to listen in on the progress of the Dempsey-Sharkey prize fight were kept out by the high power oratory at the Toronto Coliseum.

Mr. Chairman, I do not purpose to judge as between these two. I repeat however that the action of the radio commission is not in harmony with my views in regard to the rights of a man to promulgate whatever doctrines he wishes, providing he does so without undue offence. As I said, it is only because I assumed responsibility for sending out to some of my constituents the statement made by the minister, thinking that perhaps he had made a satisfactory answer to the question, that I feel somewhat under obligation to present the other point of view. Having done that I shall only further emphasize that Mr. Charlesworth apparently was not altogether unprejudiced when in his official capacity he dealt with Judge Rutherford.

Mr. MACDOUGALL: Have you anything to show that the article was written by Mr. Charlesworth; is it over his name?

Mr. BROWN: It appeared in the Saturday Night, a paper controlled by him.

Mr. MACDOUGALL: No; he just happened to be editor at that time. Is there anything to show that Mr. Charlesworth wrote the article? Let us be just to him.

Mr. BROWN: I have no further knowledge of the facts than I have stated.

Mr. MACDOUGALL: Why spread it on the pages of Hansard as something written by Mr. Charlesworth?

Mr. CASGRAIN: He is responsible for that which appears in his paper.

Mr. BROWN: Is the hon. member in a position to deny it?

Mr. MACDOUGALL: There is nothing to deny. Have you any knowledge Mr. Charlesworth wrote that article? The hon. member says he has not, and yet he spreads it on the pages of Hansard, and decribes it as an article written by Mr. Charlesworth.

Mr. CASGRAIN: Did the hon. member read an editorial from the Saturday Night?

Mr. BROWN: I am told it was; that is all I know.

Mr. CASGRAIN: If it was an editorial the editor—at that time Mr. Charlesworth—ought to be responsible.

Mr. ROBINSON: In what year was it written?

Mr. BROWN: I understand it appeared in the issue of August 16, 1927.

Mr. ROBINSON: It will be interesting to read what the Minister of Marine of that day had to say about the broadcasting activities of the International Bible Students; he cut them off.

Mr. BROWN: This is not a matter between one government and another. I have made my statement simply to satisfy people in my own constituency who have been exercised over the question as to whether or not the lectures should have been banned from the radio.

Mr. REID: This matter is in the minds of a great many people in Canada to-day. At the outset let me say I have no brief for Judge Rutherford's organization, as I still adhere to that religious body known as the Presbyterians, and am content to hold to the eternal truths. No doubt many hon. members received communications regarding this matter. On behalf of the people who communicated with me I took the trouble to write Mr. Charlesworth. On March 27 last he replied to my letter stating, as the minister stated in the house, that Judge Rutherford had said he was a thief, a liar, a Judas and a polecat, and therefore fit to associate only with the clergy. Mr. Charlesworth further states:

You will plainly see that a man who interlards such attacks with his interpretations of prophecy is an objectionable person to have on the air in Canada.

After that letter I began to answer all the communications that had been sent me, upon which occasions I quoted the remarks of Mr. Charlesworth. One of the people to whom I wrote took the trouble to communicate with Judge Rutherford, with the result that I received a letter from him only a few days ago. I believe it should be read to the house, because it deals with the allegations contained in Mr. Charlesworth's letter. The date of the letter is April 15 of this year:

Hon. T. Reid,
House of Commons,
Ottawa, Canada.

Dear Sir,—

A letter just received by me quotes from a letter written by you on March 28th to Mr. A. Kennett of Vancouver, B.C., the following:

"Mr. Charlesworth makes the further statement that Judge Rutherford in his recent address called him a thief, a liar, a Judas and a polecat, and therefore, he stated, fit only to associate with the clergy."

Permit me to say, my dear sir, that never at any time in a public address have I even mentioned the name of Mr. Charlesworth and at no time have I ever indulged in such language as above quoted. Surely I should not be held responsible for what others may say. I have never yet applied such epithets to any public man.

I think in view of that reply from Judge Rutherford the minister should bring down the correspondence, especially the letters received by Mr. Charlesworth, if he did receive them, in connection with the statements made by Judge Rutherford. I think this matter should be cleaned up, because it is exercising the minds of many of our Canadian citizens, whether they agree with the judge's organization or not.

Mr. WOODSWORTH: It has been suggested that this is a partisan matter. As one who criticized the late government with regard to a similar ruling, I think I am clear of any charge of that kind. Further than that, I have no sympathy with the teachings of Judge Rutherford and his school. At the same time I do think that we are facing here a serious situation. It seems to me that in this country in the past we have largely taken the view that religion was a private matter and that each man was free not only to hold his own religious beliefs but to give utterance to those beliefs, so long as he did not interfere with other people. If his beliefs differ from those of others I suppose he should be free to criticize the beliefs of others. That has always been the practice under

British law—that is so long as the criticism is not made in an offensive way. Someone near me suggests that parliamentary language should be used; I hope that it will be better than we have sometimes heard in this house!

As far as the newspapers are concerned a great deal of latitude has been allowed in such matters. Some years ago the Orange Sentinel used to come to me free; I think there was a great deal of latitude permitted to the Orange Sentinel. On one or two occasions I have lived in a house to which Roman Catholic papers came, I think they were allowed a very considerable degree of freedom in criticizing people of other denominations. Sometimes these various religious bodies crossed the line of decorum in criticizing others, but this was generally permitted so long as they did not cause trouble in the community.

Now we have a new medium of communication, the radio, and it would seem that there should be very great care exercised here. I can understand that with this medium of communication, being much more powerful than that of the press, there may be possibly even greater dangers and hence greater care should be exercised. We have now not merely a certain control by the government of radio, but we have gone further, we have made radio a public utility and have placed in charge of it a commission that is almost independent of parliamentary control. At the beginning of this new arrangement it seems to me highly desirable that we should place matters on a sound basis, or undoubtedly there is disaster ahead. About the only argument that I noticed the minister made the other day as he presented the case for the commissioners was that since Judge Rutherford lives outside of Canada he could not very readily come under our libel laws. There may be something to be said for that, but surely we should have some conclusive evidence, much more conclusive than has been furnished, that distinctly libellous utterances have been made, before action of this kind should be taken. I think there ought to be something in the nature of a trial before a man should be cut off. It ought not to be simply on the general principle that he lives outside of the country and is opposed to certain individuals or institutions in this country, that is too dangerous a position to take. I think we ought to have this cleared up, as has been suggested by the hon. member for New Westminster, by having the correspondence placed before us. If we once set this country by the ears over religious controversy we cannot tell where the matter may end. I found an interesting sequel to this the other day in the Montreal Daily Herald of April 14, under the heading:

Recorder Flays Bible Students
Declares group guilty of publishing illegal literature
Radio Commission

The article reads:

Tracts prepared and distributed by the International Bible Students' Association, although sprinkled with quotations from the prophets for authority, were found illegal by Recorder G. H. Semple yesterday, and Edward Noreworthy, a Montreal member of the association, was held responsible for them by the court. Sentence will be passed on April 21.

According to Recorder Semple's decision, the tracts, which constituted an invective against the Canadian radio commission for its ruling against J. F. Rutherford, ex-judge from Brooklyn and president of the association of uncensored radio speeches, were subversive in nature.

And here is given a quotation from the recorder's judgment:

The circular itself is but a protest—thinly veiled and replete with quotation from the prophets—against authority as constituted by the Radio Broadcasting Act. That is its preconceived, determined, and sole purpose; and in that respect it is subversive of peace, order, and good government.

The article concludes:

In the circular there was asked the question: "Have the people of Canada reached such a state of low intellectuality that they need to have a "wise" radio commission to approve what they shall hear about the Bible?

Now it seems to me that that is a most extraordinary decision. I am not suggesting that the minister or the radio commission are to be held in any sense responsible for the decision of Recorder Semple—

Mr. MACDOUGALL: What decision is that?

Mr. WOODSWORTH: I have just read it.

Mr. MACDOUGALL: It is not a decision of the minister or of this government. Some irresponsible—

Mr. WOODSWORTH: Recorder Semple is not irresponsible.

Mr. MACDOUGALL: Well it does not matter, you cannot attribute that to the minister or this government.

Mr. WOODSWORTH: When I was interrupted I was in the midst of saying that I did not hold the minister or the commission responsible for the decision of Recorder Semple, but I do say that the fact that such a decision can be given seems to me to emphasize the necessity for much more care-

ful consideration of a matter of this kind. If we grant powers to a commission, and if when anyone chooses to protest against the decision of the commissioner his action is declared to be illegal, it seems to me that we have reached an intolerable situation. I cannot understand how there is any legal basis for this decision; however there it is, it shows what might happen if we allow this kind of thing to go on unchecked.

Curiously enough, in the Herald on the same page in another column over from this there is another item with regard to radio:

C. C. F. Flayed in Radio Talk by Gerald Almond
N. D. G. Candidate Calls Federation Necessary Evil of Centuries

The Cooperative Commonwealth Federation is the necessary evil of centuries, and it is "flayed" the very word used at the head of the other paragraph. Apparently it is illegal for Judge Rutherford to use invective against certain people or certain beliefs, but apparently it is quite proper for Gerald Almond, whoever he may be, to flay the Cooperative Commonwealth Federation. I suggest that we are going to have a great deal of trouble with the national radio commission if there is to be discrimination of that character. I can quite conceive that it may be necessary for the radio commission to establish some definite rules that certain personalities may not be permitted over the air. I would hope that the time has not come when they would insist that the policies of other churches, other political parties or other groups might not be criticized, since that would be an infringement on the right of free speech. I submit that there must not be discrimination of this character, and I think at least the minister should tell us to-day what principles are applied by the commission in deciding what is proper to be broadcast and what is not proper. That is what I should like to have from the minister.

Mr. DURANLEAU: I have not very much to say in reply to the remarks of my hon. friend. I have nothing to say with regard to the judgment rendered by Recorder Semple of Montreal; I do not think it is up to the minister or the government to criticize or pass judgment on a decision rendered by a recorder in Montreal or any other city in the country. If the matter should be brought up in a proper way and studied by the government perhaps we might have something to say, but at this moment I have nothing to add. With regard to the other question, the radio commission was organized under a statute unanimously passed by this house last session, and they were given certain powers and a certain control over the radio stations in Canada. We have made the best possible appointments to that commission in order that the statute may be carried out properly. I am not prepared to say on what principles they base their decisions with regard to programs being broadcast from certain stations, but I have no doubt these commissioners will do their duty to the full and will maintain a proper control over radio stations. I suppose they must decide whether or not to prohibit utterances which may be made against good government, against the institutions of the country or against public feelings throughout Canada, but I am not prepared to say what their principles are. At the present time they are the sole judges, with full control over the radio stations.

Mr. WOODSWORTH: I have not asked the minister to defend or criticize the decision of Recorder Semple, but I do say that when we have a man awaiting sentence for having published a tract which has been held to be illegal simply because it criticizes the radio commission we have a serious situation. Here we have a roundabout way of making a law. A man is to be sentenced for having criticized a ruling made by the commissioners. Surely this parliament has the supreme law making power in the country, we have some right to say what the law shall be. It is absurd if we cannot get from the minister to-day what are the criteria used by the commission. Surely there must be some fundamental principles adopted by the commission which would be general in their character. I can quite understand that the commissioners must be given a good deal of latitude and discretion in handling this business, but I think we should know the general principles under which they operate, especially when a ruling may lead to a situation such as the one to which I have referred.

Mr. REID: I wonder if the minister is prepared to give the committee the details of where Judge Rutherford made this statement and to whom and when it was made, because, as I say, this matter has been exercising the minds of many people all over the country. This man says that he never made the statement at any time.

Mr. DURANLEAU: What statement?

Mr. REID: The statement accredited to him by Mr. Charlesworth, who said that in his recent fulminations Judge Rutherford called him a thief, a liar, a Judas and a polecat. Judge Rutherford says he made no such utterances. In view of the fact that this

question is arousing considerable discussion all over the country I think we should be told when Judge Rutherford made that statement, where he made it and to whom he made it.

Mr. DURANLEAU: The statement I gave the other day emanated from the radio commission, as I stated quite plainly. I thought those words were taken from the letter which was circulated all over Canada, though I am not sure. I do not remember whether or not those exact words were contained in that letter.

Mr. REID: The letter from whom?

Mr. DURANLEAU: Presumably from Judge Rutherford. The letter and signature were printed and a copy was left at every door, according to my information; I know I received a copy at my office here and also at my house in Montreal.

Mr. EULER: Turning away from the subject which has interested the committee for some time, Mr. Chairman, I should like to refer to a matter which I brought up in the house last year and again during the present session. I refer to the situation with regard to the radio station known as CKOK at Windsor. When I referred to this matter previously I said that I had received information to the effect that this station was owned and controlled by United States capital, that the programs came almost entirely from the United States, and that the advertising took up more than the percentage of time allotted by the rules of the commission. At that time the minister made the statement that he was not quite satisfied with the way that station was conducted. Since then I have heard that this station has been combined with the station operated at London, I think by the London Free Press, and I have heard also that the Windsor station has been granted an increase in power. I rise to-day merely to ask the minister whether he can give any further details with regard to these points.

Mr. DURANLEAU: Before the beginning of the fiscal year I received a recommendation from the radio commission authorizing the amalgamation of the London station with the Windsor station, with an increase in power to 5,000 watts.

Mr. EULER: To both stations?

Mr. DURANLEAU: I think the London station will disappear, and the Windsor station will have 5,000 watts power. They intend to conduct a very powerful station, and I know the radio commission is looking after the programs.

Mr. EULER: What have they ascertained?

Mr. DURANLEAU: My information is that they propose to maintain studios both in London and in Windsor, and I am told that this will be a great improvement.

Mr. EULER: With all due respect to the minister I am afraid he has not given the committee a great deal of information; the only thing he has told us is that these two stations have been amalgamated. It does occur to me that if this station is to serve western Ontario, to select Windsor, which is the extreme western boundary, is not so wise as to have London. I am not an expert in radio matters but I am wondering why they should establish a station or continue a station at the extreme edge of the country rather than in central Ontario, thus reaching what is usually known as the western peninsula of the province. I wish the minister would say something in that regard. He has given no information whatever as to whether the station is now completely under Canadian control, unless he regards the fact that it has been amalgamated with the London station as proof that it is now Canadian. Further, with regard to programs, I believe that what he assures the committee is that in future they will be largely Canadian, but I am afraid there has not been much progress in that regard, nor has anything been done in the matter of the percentage of advertising, which under the rules of the commission is limited to five per cent of the time of any program. With regard to the increase of power, he states that Windsor station is to have 5,000 watts. I understood that they had 5,000 watts before, and if that is so there is no increase there. It is interesting to note that the London station is to be abolished, but I would point out that the other station is not nearly so well located as the ordinary layman would think for the proper distribution of radio programs.

Mr. ROBINSON: As regards the Essex Broadcasting Company, fifty-one per cent of the stock is owned by Canadians, and there are options and agreements in escrow by which they can exercise very shortly the right to own and control two-thirds of it. The Essex broadcasting station is one of the most up to date stations in the world. There is nothing on the North American continent that can beat it. It was built at a cost of $150,000 and the annual expenditure is something like $115,300. The studio in Detroit is used in conjunction with it but the main station is in Windsor and there are a greater number of employees there than on the other side, where advertising from American sources is secured.

I have never been able to hear the London station in Windsor; it has only a small radius whereas the station in Windsor will almost reach the North Pole. When they were canvassing for advertising they could not get a great deal from Canadians, but after the time had been allotted to American advertising the Canadians were regretting that they had not taken advantage of the opportunity that had been offered them. When the new contracts are made out however the greater part of the advertising will be Canadian.

Referring to Judge Rutherford, I wish the hon. member for New Westminster had listened in last Sunday afternoon to what the so-called judge had to say. As a rule I do not listen to nuts over the radio, and I think this man has been getting too much free advertising, especially in this country. I have received numerous letters with regard to Judge Rutherford and I do not hesitate in any of my replies to say just what I think of him. It seems to me a disgrace and almost a crime that he should have got off the stuff he did last Sunday; it was most unfortunate that what he said should have been heard in any Christian home in this country. What he had to say about Christian ministers was almost a crime.

Mr. MACDOUGALL: And the Liberals defend him in this house to-day.

Mr. ROBINSON: Ever since I heard the hon. member for Richelieu express himself in regard to Judge Rutherford three or four years ago I have been interested in the man's career and I do not think he has improved one bit. I do not know how it was that his broadcast reached Walkerville last Sunday.

Mr. HEAPS: What station was he broadcasting from?

Mr. ROBINSON: Neither Columbia nor CKOK. A good deal of complaint about CKOK came from one of the stations in Detroit. They happened to put over wrong information and when the mistake was discovered they regretted having brought the matter up.

Mr. ELLIOTT: Can the hon. member tell the committee why Windsor was selected instead of London for this station? Was it not because forty-nine per cent of the stock is owned in Detroit that the station was located in Windsor rather than in London?

Mr. ROBINSON: The reason is that the London station has to be rebuilt. It has only a small radius, I do not know how many watts. In Windsor, however, there is a station that will reach almost any point on the continent.

Mr. EULER: Will my hon. friend tell me when the change of ownership took place? Not long ago I had undeniable evidence that the majority of the stock was owned in the United States and CKOK at Windsor was described as a Columbia basic station. When did the majority of the stock come to Canada? Is the hon. member quite certain it is a real bona fide transfer of stock and that the station is not really an American station using a Canadian channel?

Mr. ROBINSON: I do not know the details, but I do know that it was the intention that the majority of the stock should be owned in Canada.

Mr. REID: I can assure my hon. friend opposite that in the statements I made I was in no way supporting Judge Rutherford; I said so at the outset. As a matter of fact, in the letter I sent out to the people who had written to me on the subject I stated that if Judge Rutherford had made the statements attributed to him he should be shut off; I said I believed that no sensible man would make such statements. When I brought the matter up to-day the question at issue was this: Did he or did he not make those statements? It was said—Mr. Charlesworth told me—that Judge Rutherford had made these statements about him, but Judge Rutherford declared that never at any time had he made any such statements about any man. I have made my position quite clear, and yet the hon. gentleman gets up and says that we on this side are supporting the International Bible Students. I can tell him that when I listen in, if I do not like the program that is coming over I turn it off, and everyone else is at liberty to do the same. I have not yet received a clear statement from the minister in this matter and in courtesy to Judge Rutherford I am withholding my reply to him until I do. There are thousands of Canadians who are interested in what Judge Rutherford says, whether the rest of us believe in him or not.

Mr. SPENCE: I do not know why so much time is taken up discussing Judge Rutherford. If he did not make the particular statements to which reference has been made to-day, I know at any rate that he made other statements in the exhibition grounds in Toronto, which is in my riding, statements that incensed the whole city. He condemned the institutions of Canada, the United States and

Great Britain, and he condemned every other church but his own. Toronto does not want to hear him again over the radio.

Mr. BROWN: We do not seem to appreciate the fact that in this discussion a principle is involved. Down through the centuries there have been two ideas in conflict. One party has held that where anything occurs that looks like heresy, where any views are advanced that are contrary to the accepted opinions of the day, they should be put down by force. The other school holds that truth will ultimately prevail and that less harm is likely to be done by allowing the free expression of opinion than by any attempt to shut off opinions by force. I have no hesitation in saying that I belong to the school that believes in allowing a man to give free expression to his beliefs. I believe that ultimately truth will prevail and that if the views expressed are not in harmony with truth, they will run their course and ultimately disappear. I admit that the radio has introduced a more difficult problem than is entailed in the freedom of the pulpit or of the press and I confess it is hard to arrive at a final conclusion upon the matter. I think the radio commission would be well advised to hesitate before preventing people from preaching the doctrines in which they believe or interpreting the scripture in their own particular way. Less harm is likely to be caused by allowing freedom in this direction than by imposing restrictions. I realize the difficulties to be faced and that it takes a man of more than ordinary wisdom to arrive at a wise conclusion.

Mr. SANDERSON: A week or two ago when the minister had his estimates before the committee I asked a question—

Mr. SPENCE: Louder.

Mr. SANDERSON: Is the hon. member for Parkdale getting deaf?

Mr. SPENCE: This is not a whispering campaign, we want to hear everything.

Mr. SANDERSON: I wanted to know who was really in charge of radio broadcasting. At that time the minister told me that I had better read the act. I should like to ask the minister now: Is he over the chairman of the commission or is the chairman of the commission in control of him? We have a radio commission which has power to go ahead and spend money and the minister admits that he does not know anything about it. That commission apparently is not responsible to parliament. During the last few months I have had more complaints about broadcasting and other matters pertaining to radio than I received in the last few years. I believe that that has been the experience of every hon. member. With all due respect to the minister, I think he should tell this committee the true relations that exist between himself and the chairman of the commission. On Tuesday last I put a question to the minister. I asked if the chairman of the commission, under the authority of the commission or of the minister, had taken over the station of the London Free Press. The minister told me he would answer the question the following day and he did so with the one word, "no." He gave no explanation as to what had taken place. I now find that this station has been merged with the one at Windsor. Was that done without the knowledge of the minister? Did he know that when he answered my question the other day or did he have to obtain that information from the chairman of the commission? We do not know whether we are going or coming on this radio question; we are going around in circles.

Mr. CASGRAIN: We are on the air.

Mr. SANDERSON: The minister admits quite candidly that he does not know and the chairman is not here to answer questions. Can the minister tell us just what are the qualifications of this chairman? I understand he gets a salary of $10,000 or $12,000 and I should like to know what service he renders in return. If the minister has the figures I should like to know the salaries of the other commissioners and the members of the staff.

Mr. DURANLEAU: Some time ago I answered the very question asked by my hon friend. I stated that the powers of the commission were defined by an act which had been passed unanimously by this house. I was surprised at the hon. member for Bonaventure complaining about the number of commissions. He should have made his objections when this bill was before the house. The house unanimously granted certain powers—

Some hon. MEMBERS: No.

Mr. CASGRAIN: On division.

Mr. DURANLEAU: Does my hon. friend want me to read the act? I do not think it is fair to ask the Minister of Marine to give a lecture upon the powers granted to the minister and to the commission by that statute; that would be up to the Minister of Justice.

Mr. SANDERSON: I do not want to prolong this discussion, but in order to be fair to himself and his department, I think the

minister should be prepared to give full particulars about the radio commission. For the moment, I would be quite satisfied if I were told the salaries.

Mr. DURANLEAU: My hon. friend wanted to know if the radio commission was over the minister or if the minister was over the radio commission. I told my hon. friend that the statute gives certain powers to the commission.

Mr. SANDERSON: What are those powers?

Mr. DURANLEAU: I can read the act.

Mr. SANDERSON: Read the act.

Mr. DURANLEAU: It is chapter 51 of the statutes of 1932. I do not think it is fair to ask me to read the full act.

An hon. MEMBER: A fool act.

Mr. DURANLEAU: I think my hon. friend understood that it was the intention of that act to organize a commission independent of politics.

Some hon. MEMBERS: Oh, oh.

Mr. DURANLEAU: The statute gives full powers to the commission.

Mr. CASGRAIN: What full powers?

Mr. DURANLEAU: The minister is empowered to grant licences but the location of stations, the power of stations, wave lengths and the allocation of wave lengths are matters within the independent powers of the commission. It is subject to the minister granting the licence. That was explained fully when the bill was before the house. I think in that sense it is quite satisfactory.

As to the operations of the commission it is clear that under such a statute the minister is not in a position when he presents his budget to give full details of the commission's operations.

Mr. SANDERSON: Does the minister take any responsibility at all as a minister of the crown for the commission?

Mr. DURANLEAU: The radio commission comes under the ministry of marine, and my hon. friend knows what that means.

Mr. CASGRAIN: It is your baby. You are responsible for the creation of the commission and for its workings.

Mr. SANDERSON: If the minister says that he takes responsibility for the conduct and work of the commission, surely when he comes into this house and asks parliament to vote the money required, he can tell us something about that commission's work. With all due deference to the minister, he comes into this house with estimates for vast sums of money running into millions of dollars for broadcasting, even with conditions as they are in this country at the present time, and he has not yet given an intelligent answer to any question asked him in regard to the expenditure of that money.

Mr. DURANLEAU: I would point out, Mr. Chairman, that we are not discussing at the present time the item concerning the radio commission.

Mr. MALCOLM: It is the same thing.

Mr. CASGRAIN: The minister agreed to allow the whole thing to be discussed on these two items, Nos. 139 and 140.

Mr. DURANLEAU: There are three items. There is also No. 247. If it is desired to discuss the three items and pass them together, I have no objection.

Mr. SANDERSON: Coming back to the question of giving information to this committee, I think the minister had started to read a list of the members of the commission and the salaries paid to the staff. I shall be glad to sit down if he will continue with that statement. Has he that information there?

Mr. DURANLEAU: Sure, I have the act here.

Mr. SANDERSON: I do not want the act. I want information in regard to the commission, their work and their salaries. We are not concerned with the act, but with the actions of the commission and the money they are spending.

Mr. DURANLEAU: My hon. friend is asking for the salaries of the commission?

Mr. SANDERSON: And the names of the officials.

Mr. DURANLEAU: The salaries are mentioned in the act, in chapter 51, 22-23 George V. In section 3 it is provided that the chief commissioner shall be paid an annual salary of $10,000, and each of the other commissioners an annual salary of $8,000. That was accepted unanimously by the house.

Mr. SANDERSON: Who are the commissioners?

Mr. DURANLEAU: My hon. friend knows perfectly well that the chairman of the commission is Mr. Hector Charlesworth.

Mr. MACDOUGALL: May I ask for the benefit of my hon. friend from South Perth what was the date of that act?

Mr. DURANLEAU: It was passed in 1932. The other commissioners are Colonel Steel and Mr. Maher, who is the vice-chairman.

Mr. SANDERSON: The chairman receives $10,000, and the other two commissioners $8,000 a year. Is there not also a publicity man in connection with the commission?

Mr. MARCIL: And a whole staff?

Mr. SANDERSON: There must be more officials and a great deal of money paid out in addition to the salaries for the commissioners. I cannot see, Mr. Chairman, why the minister hesitates to give this information. Where are we going to get if he does not give it to the members of this house?

Mr. DURANLEAU: The minister has no hesitation whatever in giving any information in his possession as to the expenses of the commission, but one must realize that this commission has been in operation only since last January.

Mr. SANDERSON: That is too long.

Mr. CASGRAIN: They were appointed at the end of last October.

Mr. DURANLEAU: I know that they have a certain staff, but they have not made any report as yet of their expenses. They have some stenographers, an English director of programs and an assistant French director, and also an official known as a relations agent, I think.

Mr. CASGRAIN: Director of public relations, if I may help the minister.

Mr. DURANLEAU: Those are the employees they have at the present time.

Mr. EULER: What is the salary of the director of public relations?

Mr. DURANLEAU: His salary is $5,800 less ten per cent.

Mr. EULER: And his name?

Mr. DURANLEAU: Mr. Buchanan.

Mr. CASGRAIN: What is the name of the French secretary?

Mr. DURANLEAU: There is only one secretary.

Mr. CASGRAIN: What is his name?

Mr. DURANLEAU: Mr. Landry.

Mr. CASGRAIN: And his salary?

Mr. DURANLEAU: I think it is between $3,400 and $3,800; I am not quite sure, but it is below $4,000.

Mr. CASGRAIN: Is there not a Mr. Weir who acted in conjunction with CNRM in Montreal and who is now working for the commission, but not in broadcasting?

Mr. DURANLEAU: Mr. Weir has been borrowed by the commission from CNRM, Montreal, as a program director.

Mr. CASGRAIN: Is his salary paid by the commission or by the C.N.R.?

Mr. DURANLEAU: I suppose he is paid by the commission.

Mr. CASGRAIN: Does he receive an allowance from both the C.N.R. and the commission?

Mr. DURANLEAU: I do not know his connection with the C.N.R. at the present time. All I can say to my hon. friend is that the C.N.R. station is being purchased by the commission.

Mr. SANDERSON: It appears to me, Mr. Chairman, that the best way out of this difficulty we are in is for the minister to let these items stand until he gets some information and brings it before the committee.

Mr. CASGRAIN: I think that is fair.

Mr. MALCOLM: Mr. Chairman, I cannot possibly understand the minister's attitude. Just a few days ago we were considering the estimates of the Trade and Commerce department and an item came up for the administration of the Grain Act by the board of Grain commissioners. Members of this house have always had the privilege of discussing the expenditures of this commission. The money must be voted by parliament, and when the Minister of Trade and Commerce has had his estimates up for discussion he has had an officer of the board of grain commissioners sitting in front of him to give information. That has always been the practice. In every other instance when a commission is administering some utility for this dominion, the minister when his estimates are before parliament has an officer of the commission sitting in front of him because that is the only time hon. members on both sides of the house have the right to get the information they desire. In this instance I think it is doubly necessary. The radio commission has not by any means given even half satisfaction to the people of Canada. The complaints are very, very numerous. The case which was mentioned by my hon. friend from North Waterloo and by other members of the house is far from satisfactory to the people of that portion of Canada who think that the United States

have put it over our eye in the matter of the division of wave lengths. The Windsor station was started by a group of Americans, and it was started at Windsor, near Detroit, for one purpose, and that was to get in on a Canadian wave length, and by advertising sell American products through Michigan and Ohio and neighbouring states. That was the purpose. Fifty-one per cent of the stock in the station may be in the hands of Canadians; I shall not deny the statement of my hon. friend (Mr. Robinson) to that effect. I have a very strong suspicion however that the men who hold forty-nine per cent of the stock control the policy of the station. I agree fully with the hon. member for North Waterloo that if a station is needed for western Ontario, it would be more properly located at a central point such as London, Stratford or Guelph. If eventually the national commission is to buy out and operate broadcasting stations I do not think the minister should allow the station in the city of London to be closed, and a high powered station in Windsor to be erected. I believe London is the place where the good station should be placed.

I mention these points to the minister for one reason: The people in Canada are wondering what is going to happen to the million dollars that is being voted. My own feeling is that the minister himself, with the brilliant departmental officers in his department, could have handled the whole matter during the period of depression very much better than any other body which could be set up. At the present time we have the anomaly of the commission trying to develop Canadian programs, and giving licences to stations right on the American border. The minister knows very well that he has control of licences; he has said so. The commission has to control the stations, but the minister has to issue the licences. Therefore the minister must explain to his followers in the house and to hon. members in the opposition why certain stations are placed at certain points. I submit to the minister that in connection with a matter as important as this, namely the location of a powerful station at a point far removed from the centre of the province, he should have a lot better answer to the question of the hon. member for North Waterloo than he has made. In regard to the question asked by the hon. member for South Perth, the minister should be able to get all the details from the officer of his department who is sitting in front of his desk.

Mr. MARCIL: The statement was made that I had not objected to the appointment of the radio commission. If I did not do so, it was because I still had faith in the declaration of the Prime Minister that the radio commission would be a non-political organization. But when I saw the chief organizer of the Tory party in the province of Quebec made a member of the commission, that settled the matter, so far as I was concerned.

Mr. MALCOLM: The board of grain commissioners have to secure a vote of money in this house. Their receipts and revenues are available to hon. members from the west who pay inspection fees. Eventually this radio commission will have substantial revenues. The minister should soon be able to tell us what stations are owned by the commission, the revenues from them, and what moneys are expended, so that the people of Canada may have some knowledge of what radio broadcasting is costing.

Personally I never have been in favour of the national broadcasting commission. I do not object to it however, and if it is well run it may be well worth while. But if we are to have a commission in control we expect to know what the revenues from the stations will be. We want to know something of the future plans. We do not want to vote millions of dollars for services, if those services are not to be an improvement or produce revenue. We have taken over the Canadian National Railways stations. How much of the million dollars is to be used for that purpose? Can the minister tell us that, or is the transaction to be merely a bookkeeping entry between two departments of government? I submit that the suggestion by the hon. member for South Perth is justified, namely that we should postpone consideration of this item until such time as the minister has more information.

Mr. CASGRAIN: I move we do that.

Mr. BRADETTE: Mr. Chairman, I wish to set out the viewpoint held by the people in northern Ontario. When the announcement was made in the House of Commons by the Prime Minister that radio broadcasting was to be under government supervision, so that greater service would be given to a greater number of people, his statement was well received in northern Ontario. In fact, in the first year we did not complain when radio licences were doubled in price, because we hoped then—and we still hope—that we would receive the service we deserve.

At the outset let me say that in our section of the country we believe the officials in the department have done good work. I make the statement sincerely, believing that they deserve praise. They sent men to my home town of Cochrane and to the town of Timmins

who accomplished some of the work that our section of the country expected would be done. The fact remains however that after nearly two years of government supervision, radio programs in our section are in most cases from American stations; we receive practically no Canadian programs. Generally speaking we do not object to listening to the American stations; some of them are entertaining, and we are very glad to have them. We cannot lose sight of the fact however that we are part and parcel of Canada, and we are as much entitled to radio reception of Canadian programs as are the people in Ottawa, Toronto, Halifax or Montreal. I maintain that under present conditions unless we have a station built in our section of the country it will be impossible for us to receive radio programs from Canadian stations. We are not parochial in our views in this connection; it is not a matter of one locality having a station, and another not having it. Our object is to have a distributing station in northern Ontario which will benefit the whole of our population. All the territory west of North Bay and extending as far as Sioux Lookout and the Manitoba border would be affected. It is possible to have a station on the height of land in the Porcupine district under which circumstances good reception would be assured to the people in the northern section of the province.

How far the government has gone in the matter I do not know. I do know, however, that the minister has received several petitions, and the commission has been informed as to conditions in northern Ontario. I will say further that the commission and the minister have sent very favourable letters to people in my constituency. Up to date, however, that is as far as they have gone. We are practical and logical, and realize that this problem cannot be solved in a day. The matter has to be thoroughly studied, and the questions concerning the location of the station and the extension of services have to be given careful thought. There is a suggestion—from the Northern Tribune of Kapuskasing—that a station be built on the James bay slope, taking in that section of the north country extending to the Hudson bay region to the north and the United States border to the south. I believe, however, that the location of the station should be left to the decision of the commission, after a thorough study of the situation. On the other hand, the people of Porcupine district state that the logical place for such a station is between Sudbury and Timmins. Then, that section of the country so well represented by the Minister of Mines maintain that it should be on the height of land in the vicinity of Haileybury. However, these are mere matters of detail.

After careful consideration and analysis the commission will have to decide upon the point which would be most satisfactory to all sections of the population. They will have to visit northern Ontario in an official capacity; they will have to send their experts to find for themselves where the best results will be obtained. Those men will quickly realize that it is not a parochial question, and that the whole of the population in northern Ontario would be in agreement. We mean by that, that so long as the commission finds it possible to build a station which would be strong enough and located at a point to give the best service to all the people, we will be satisfied.

I believe, Mr. Chairman, that my plea is a very practical one. In our section of the country we only get the Canadian newspapers twenty-four hours after they are printed. Speaking of radio reception I will say that in the daytime we get practically only American programs; we rarely get a Canadian station. Sometimes we get Toronto but seldom do we get it fully. These facts alone should cause this house to realize that although we have a great number of radio owners in our section—it may be a revelation to this house that a very great number of settlers have radio sets, helping to make life a little brighter in the rural and colonization sections—the service they are getting is not satisfactory. I want to be practical; I am not going to criticize the commission, because I do not think they have yet had time to remedy the situation entirely. They have doubled the radio licence fee, which we gladly pay, but we think it is time that something tangible was done to show the people that the commission is alive to the situation existing in our section. I could quote at great length letters and petitions sent to the minister and the commission as to the anomalies that exist. This criticism is going to gather strength if during this summer some move is not made for the location of a good station that will give service to our section. I believe the minister is fully seized of the situation, and that the chairman and the commission also realize what we are up against. Public ownership of this great utility should be applied on a national scale, no section of the country should be neglected. Even if the department had to spend some money in our section that they have not to spend in the older sections I believe it is fully warranted, and cannot be done too soon. The sooner

it is made possible for radio owners to have access to Canadian programs, musical or otherwise, the better it will be for this nation. I repeat that in our section we have no great objection to hearing some of the wonderful programs that come from the south, but I believe that first of all we should have access to Canadian programs.

In order that the minister may fully understand the matter I am going to read an editorial from the Porcupine Advance which I believe puts the question very logically and in a very straightforward way. This article was published February 9 of this year. It is as follows:

Does the United States Rule the Waves?

Elsewhere in this issue will be found a letter from an ardent radio fan. This letter voices the feelings of large numbers of radio owners in this section of Ontario. There are few areas where there are as many radio owners in proportion to population as in this north land, and it does not appear unreasonable to suggest that the large group of radio enthusiasts in this part of the country are entitled to more consideration than they seem to have received to date. After suffering for years with growing discouragement, radio fans in this district fed themselves with new hope when they read announcements to the effect that the new Canadian radio commission was arranging a series of all-Canadian programs that would be a change, a relief and a joy to those who listen in up in this north land. After the surfeit of cheap jazz, sad southern humour, claptrap advertising and highly Americanized public addresses, programs of music promised to revive interest in the radio. Canada has artists of international fame. To have the Toronto symphony orchestra, the Vancouver symphony orchestra, the Grenadier Guards band, the Ritz Carlton orchestra, the Forty-eighth Highlanders band, the C. I. L. opera of the air, the Mendelssohn choir, the Hart House quartette, Edward Johnson, one of the world's greatest tenors, Dr. Fricker, deservedly famous as an organist—to mention a few only at random—this surely would cheer the heart of any lover of music owning a radio. Yet the first of the Canadian radio commission's special programs sunk all radio owners in deeper gloom than before,—because the program could not be heard at all in this part of the north.

That just corroborates the statement I made a moment ago, as far as our section of the country is concerned.

As the letter elsewhere in this issue explains, little else could be fairly expected. United States and Mexican stations are so powerful that Canadian stations have no chance at all. What seems to be needed first and foremost is at least one Canadian station with power enough to drown out, if necessary, the United States and Mexican stations that now monopolize the air. Some time ago it was suggested that plans were under way for a number of "booster" stations throughout Canada to make it possible for programs to be well received from coast to coast. Something along this line appears to be very desirable, indeed imperative, but the first consideration would yet seem to be the increase in power of Canadian stations so that they may have a real chance on the air.

There is a growing feeling among Canadian radio owners, and especially among the sufferers in the north, that not only do the people to the south believe that they won the war, but also that they rule the waves—the waves of the air. The winning of the war is a question that need not be debated at this time, but for the progress of the radio in Canada it seems surely necessary that Canada should rule her own part of the air. There is little to be gained by discussion in the matter. Canada's rights are unassailable from a moral standpoint, but in a practical way these rights are of no effect unless the dominion is in a position to enforce and uphold the rights that cannot be disputed but that are constantly disregarded. The only way to secure fair play is by the establishment of radio broadcast stations with power enough to take their place on the air against all comers. If Canada had one or two stations of 75,000 watt power there would be little difficulty in the allotment of wave lengths as between this country and the one to the south. To the layman, and to the great majority of radio fans, it appears inevitable and inescapable that the first duty of the Canadian radio commission is to provide for one or more radio stations of such power that they will be able to take and hold their place on the air against all comers.

These are all the arguments that I want to put forward in this case. I have much confidence in the chairman of the radio commission, although I might state that at one time I did not entirely agree with him in regard to the trans-Canada highway, and through his newspaper I received a very cavalier answer, asking who I was, because I dared to question some of his statements on that question. Well, I am a Canadian, and a resident of northern Ontario and am proud of the fact. So with all respect to his wonderful qualifications—because I do not doubt them—I hope the present chairman of the radio commission will treat me as a Canadian and not as he treated me in his newspaper on that occasion. I might state that so far I have received satisfaction from the commission. I think Mr. Charlesworth knows northern Ontario, at any rate the mining sections; I believe he has visited that part of the province on several occasions. Therefore he should know our local conditions, and be able to deal with our problem. I believe he is animated by the true Canadian spirit, and will give the sparsely populated sections the same efficient service as the more populous ones. We in that northern area are doing a useful pioneer work, binding the country together; where formerly there was a great unpopulated gap between east and west, in the last twenty years nearly 300,000 people have settled there. I hope the department and the radio commission will find it possible to study on the

ground the situation that exists so as to get first hand information.

I know the chairman must have a certain amount of qualification for his office or he would not be there. He is an art critic, a man who knows music and what music means to people, knows what a good musical program will mean to people in isolated sections. I hope the minister and the chairman of the radio commission will use all their influence so that in the near future our section will receive the attention it deserves. I express this hope because I am going to quote now certain words of the present chairman of the radio commission in an interview he gave to one of the writers for MacLean's Magazine. He wound up his interview in the following way:

> Censorship, however, is not one of Mr Charlesworth's chief interests. He is interested primarily in the upbuilding of a national system of broadcasting, the development of Canada's musicians and vocalists, in the providing of high class entertainment for radio listeners. Above all, he covets for this country success in that new field, the "theatre of the air."

Those are fine words, with which all Canadians will thoroughly agree. In my section particularly they were a message of hope, and we expect this department and the radio commission at the earliest possible moment to do away with the anomaly which at present exists and under which it is absolutely impossible to give our fine pioneer population the radio reception it deserves.

Mr. DURANLEAU: Just a word in reply to my hon. friend. I know for a fact that the radio commission is trying to locate stations so as to give full and complete service to every part of the country, and I also know that northern Ontario has been considered as one of the parts of the country which should be attended to. The commission fully realizes that it is expending the money received from the listeners, and it intends to give the best service possible to every part of every province of the dominion. I am glad my hon. friend has brought to my attention and that of the commission these facts with regard to northern Ontario; I am sure the commission will try to give satisfaction to this part of the country. As I said a moment ago, Mr. Chairman, this sum of $1,000,000 comes from the listeners of Canada and not from the exchequer, and it is the duty of the commission to give the best possible service to every radio listener in this country.

Mr. YOUNG: Where do these amounts of $679,000 and $280,000 come from?

Mr. DURANLEAU: They come from the exchequer.

Mr. YOUNG: When this bill went through the house I understood that it was on the understanding that the commission would not spend any money except that which it collects in licence fees.

Mr. DURANLEAU: These two items do not concern the radio commission at all. It was understood that even the administration of the commission could be discussed under these items, but they do not concern the commission, so I suggest to the committee that these two items be passed. Then a full discussion can be carried on, with every possible detail as to administration of the commission being supplied, when the item of $1,000,000 for the commission is before the committee.

Mr. MALCOLM: Is the minister prepared to pass that item immediately?

Mr. DURANLEAU: I would suggest that the $1,000,000 item be suspended so that I may get full information with regard to the administration of the commission.

Mr. MALCOLM: I think the minister has all the information available in front of him, if he would only ask for it. The officers sitting before him could probably furnish more information than any others he might bring.

Mr. DURANLEAU: The officials I have here to-day have nothing to do with the administration of the radio commission.

Mr. YOUNG: Let us keep on going until we get stuck.

Mr. DURANLEAU: I would suggest that these two items be passed, and I will furnish every possible detail when the $1,000,000 item is called.

Mr. COOTE: Before these items pass I think we should have definite information as to the purpose for which this $280,000 is required. I do not think that information has been given as yet. When the radio estimates were up a week or two ago I asked a question along this line, but I did not succeed in getting an answer. I should like to know what service is given under this vote.

Mr. DURANLEAU: This appropriation of $280,400 is to provide for the maintenance of existing establishments for the general improvement of reception conditions to licensed broadcast listeners, including the elimination so far as practicable of preventable interference with reception throughout the dominion. It also provides for expenses in connection with the sale of radio receiving licences.

Mr. COOTE: Would the minister tell us how much is spent in improving reception conditions and eliminating interference? How many engineers have we doing that work, and how much are they paid?

Mr. DURANLEAU: The present organization comprises twenty-three permanent establishments and thirty-two part time establishments in different towns and cities throughout the dominion, with a personnel of 148 full time employees and 41 part time employees.

Mr. COOTE: What are the occupations of those full time employees?

Mr. DURANLEAU: They are not what we call engineers; they are electricians with some knowledge of radio.

Mr. COOTE: Where are they employed?

Mr. DURANLEAU: In different parts of the country. Every large city from coast to coast has an office, where we sell licences, and attached to the office there is an electrician and a clerk or stenographer.

Mr. COOTE: How many employees in Alberta are paid from this vote; what is the nature of their work and what service do they perform?

Mr. DURANLEAU: There are ten employees in Alberta.

Mr. COOTE: How are they listed, how many inspectors or engineers and how many stenographers?

Mr. DURANLEAU: We have an establishment at Calgary with two inspectors, one chauffeur, one stenographer and one car. We have an establishment at Edmonton with one inspector, one chauffeur, one stenographer and a car, and there is a new establishment at Lethbridge.

Mr. COOTE: There do not seem to be any electricians listed in the province of Alberta. Where are these electricians employed?

Mr. DURANLEAU: As a rule both the inspector and the chauffeur are electricians.

Mr. COOTE: How many inspectors are there?

Mr. DURANLEAU: There are two inspectors and one chauffeur at Calgary and one inspector and one chauffeur at Edmonton. The other employees are stenographers.

Mr. HEAPS: Are these chauffeurs really experienced mechanics or are they only chauffeurs?

Mr. DURANLEAU: There are some employees who have a knowledge of mechanics even though they are only chauffeurs, and there are other employees who are inspectors and chauffeurs at the same time—they run their own cars.

[Mr. Coote.]

Mr. HEAPS: In Edmonton, according to the minister, there is one chauffeur and there is one mechanic.

Mr. DURANLEAU: One inspector.

Mr. HEAPS: I presume the inspector knows something about cars. I do not think one man requires another to drive him around.

Mr. DURANLEAU: He is a chauffeur-electrician; he looks after the adjusting of troubles in connection with noises and so on.

Mr. COOTE: Are we right in assuming that this $280,000 is all spent in the engineering branch of the radio services?

Mr. DURANLEAU: About $90,000 is spent in connection with the licences.

Mr. COOTE: But would this amount cover all that is spent so far as the radio service is concerned?

Mr. DURANLEAU: Yes.

Mr. COOTE: The minister told us they collected over $1,000,000 in licence fees. What is done with the rest of the million?

Mr. DURANLEAU: We will ask the house to vote it for the radio commission under the law.

Mr. COOTE: Will the radio commission administer the service in the future or will that be done direct by the department?

Mr. DURANLEAU: So far it has been administered by my department, and I understand that is what is done in Great Britain. The British Broadcasting Corporation attends to broadcasting just as the radio commission here does, and the Post Office Department there performs the same service as is performed by my department at the present time. Whether there will be any change in that regard in the future I cannot tell, but at present we are following the same method of administration as in Great Britain.

Mr. COOTE: How many radio receiving sets are there in Canada? I ask that question so that I shall be able to figure out how much of the fee which every licence holder pays goes to take care of the mechanical service and how much is devoted to the rest of the administration.

Mr. DURANLEAU: I said there were about 750,000 licences sold.

Mr. MALCOLM: How many radio owners are not paying the licence fee?

Mr. DURANLEAU: I think the census shows that there are about 770,000 radios in Canada.

Mr. MALCOLM: So that you are collecting about ninety per cent.

Mr. DURANLEAU: Over ninety per cent.

Mr. POULIOT: May I ask the minister the following question: What is the difference between static and interference, what are the causes of both and what are the remedies?

Mr. DURANLEAU: I will ask the expert of the department to send the hon. gentleman a publication on the subject.

Mr. POULIOT: Thank you very much.

Mr. EULER: When the Aird commission was appointed to investigate the radio situation, the then government gave the broadcasting stations to understand that if they made capital expenditures in connection with their equipment the government assumed no responsibility in the event of such stations being later on acquired under public ownership; in other words, they took their chances whether they would get their money back, to put it bluntly. As the hon. member for West Essex said, there was expended $150,000 on the Windsor station. The minister has told us that that company has bought out the London Free Press station, no doubt at a stiff price, because in years gone by it was a profitable station. It follows I suppose that ultimately, if the policy of the government is to be adhered to and radio is nationalized by the purchase of these stations, a stiff price will have to be paid for the Windsor station. I want to know whether the principle then laid down, that the government assumed no liability whatever with regard to any additional expenditures that may have been made, will be followed when the time comes, if it ever does, that the Windsor station is acquired by the country. Will the high price which no doubt has been paid for the London station as acquired by the Windsor station be demanded? Will they not raise the question of vested rights? I am under the impression that when the Windsor station was given 5000 watts this was entirely too much to serve that comparatively small district, and I am still of the opinion that the intention in giving 5000 watts was that the station should serve not only the Windsor district but the district around Detroit. The minister said in reply to my questions a few months ago that he was not satisfied with the conduct of the Windsor station. Is he satisfied now, and if so what has taken place in the meantime to satisfy him?

Mr. DURANLEAU: Replying to the hon. gentleman's last question, it is not very long ago that I made a statement of the kind he refers to—about a month ago.

Mr. EULER: Longer than that.

Mr. DURANLEAU: It was when my estimates were last under consideration, about a month or a month and a half ago. I told the hon. member then that I had instructed the radio commission to keep an eye on that station in order that the law should be observed—

Mr. SANDERSON: Has the minister authority to instruct the commission?

Mr. DURANLEAU: —and I have had no report since. I understood, when the recommendations came to me about the amalgamation of these two stations, that it would improve the situation in that respect. As regards the other question the hon. gentleman asks, as to whether stations that have acquired licences since the report of the Aird commission would get compensation in case of nationalization, I am not prepared to give a definite answer at the present time. We have made such reservation as will protect the national exchequer. They were all notified very clearly that they could not expect compensation in the event of nationalization; they were accepting the licences and making their expenditures at their own risk. What the policy of the government would be in the event of the acquisition of any stations I am not prepared to say.

Mr. EULER: Would the minister say that the purchase of the London station by the Windsor station would justify the government in paying a higher price than the Windsor station would otherwise fetch?

Mr. DURANLEAU: I do not think it would change the situation. If the London station had been taken over by the radio commission they would be entitled to some compensation, but that station now disappears in an amalgamation and I do not see that the government would have any responsibility respecting it.

Mr. EULER: Of course not. With regard to the Windsor station, it might have charged to its capital account what was paid for the London station although it has no actual assets to show for that payment. It was merely putting a competitor out of the way.

Mr. DURANLEAU: Windsor got the licence with the reservation that they could not expect any compensation in case the radio commission should decide to nationalize the station.

Mr. EULER: The fact that they had bought out the London station could not be regarded as an asset?

Mr. DURANLEAU: That is my view at the present time, but I would not be prepared to make a definite statement.

Mr. MALCOLM: Does the minister not think that London would be a better place for a national station than at the border?

Mr. DURANLEAU: A layman might think so, but an expert might think differently.

Mr. MALCOLM: Do the experts think differently??

Mr. DURANLEAU: It all depends upon the power of the station, the wave length and so on. I am told by the experts of the commission that with its present power, the station at Windsor will give splendid service to London.

Mr. MALCOLM: I admit that.

Mr. DURANLEAU: Remedial measures can always be taken. If complaints are made as to the service given, no doubt the radio commission will see that the public is satisfied.

Mr. EULER: Did London have an exclusive channel which will be available through the amalgamation?

Mr. DURANLEAU: I think so.

Mr. ELLIOTT: Did the minister make any order in council or regulation or have anything to do with the amalgamation of the Windsor and London stations?

Mr. DURANLEAU: No, the government had nothing to do with that.

Mr. ELLIOTT: What is it that can be done under the act upon the recommendation of the minister as to suspension or cancellation of licences for stations?

Mr. DURANLEAU: The powers of the commission are defined by section 8 of the act, which reads:

> The commission shall, notwithstanding anything contained in the Radiotelegraph Act, chapter one hundred and ninety-five of the revised statutes of Canada, 1927, and in the regulations made thereunder, but subject to the power of the minister to licence stations, have power to regulate and control broadcasting in Canada carried on by any person whatever, including His Majesty in the right of the province or of the dominion, and without restricting the generality of the foregoing, these powers shall extend to the following matters:
>
> (a) The commission shall determine the number, location and power of stations required in Canada;
>
> (c) the commission may make recommendations to the minister with regard to the issue, suspension or cancellation of private broadcasting licences, and notwithstanding anything contained in the Radiotelegraph Act or regulations, the minister may issue, suspend or cancel such licences;

Mr. MALCOLM: Has the licence of the London Free Press station been suspended or cancelled or did it go with the sale to the Windsor station?

Mr. DURANLEAU: As far as my memory goes, the recommendation of the commission was that a licence be given to a new company. The London licence expired at the end of the fiscal year.

Mr. ELLIOTT: Has the recommendation been acted upon by the minister?

Mr. DURANLEAU: Not yet.

Mr. ELLIOTT: If a licence is to be cancelled it must be done by the minister.

Mr. DURANLEAU: The licence expired on March 31.

Mr. ELLIOTT: I have heard that.

Mr. DURANLEAU: It would be renewed upon the recommendation of the commission.

Mr. ELLIOTT: Either the minister or I is under the misapprehension as to what he said. He said that the commission could of its own volition suspend a licence without his being required to issue an order in council.

Mr. DURANLEAU: I said that the commission had full power in allocating wave lengths and so on, and that it was up to the minister to issue the licences.

Mr. ELLIOTT: And cancel them.

Mr. DURANLEAU: Yes, of course.

Mr. ELLIOTT: The minister still has it in his power to refuse to cancel the licence of the London station?

Mr. DURANLEAU: The minister has full power.

Mr. ELLIOTT: What investigation has the minister made as to the wisdom of cancelling that licence?

Mr. STEWART (Leeds): It has expired.

Mr. ELLIOTT: I am asking the minister.

Mr. DURANLEAU: The licence expired on March 31. I think the minister should follow the recommendation of the commission. The commission is supposed to go into the details of these amalgamations and I do not think the minister would make any mistake in following their recommendations.

Mr. EULER: Is London still operating?

Mr. ELLIOTT: Does the minister think he should follow the recommendations of the commission without making any inquiry?

Mr. DURANLEAU: I do not mean to say that the minister should make no inquiry, but surely the hon. member realizes that the commission was appointed in order to make these inquiries and to advise the minister.

Progress reported.

At six o'clock the house took recess.

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

VANCOUVER, VICTORIA AND EASTERN-NORTHERN PACIFIC AGREEMENT

The house resumed from Tuesday, April 11, consideration in committee of Bill No. 48, to confirm an agreement between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company—Mr. McDade.—Mr. Cowan (Port Arthur-Thunder Bay) in the chair.

On section 1—Agreement ratified and confirmed.

Mr. STIRLING: Mr. Chairman, this bill seeks ratification of an agreement between an American railway company, the Northern Pacific, and the Vancouver, Victoria and Eastern Railway and Navigation Company, which is a subsidiary of another American company in Canada. With the merits of this particular scheme for the abandonment of a branch line I am not concerned, but I am interested in other proposals of this same company under which they desire to close certain other branch lines in Canada, three of which are in the constituency of Yale.

There is one about fifteen miles long between Laurier and Danville, where the Great Northern railway runs parallel to and north of the international boundary. There is another one about twenty-five miles long between Midway and a point near Bridesville, which is of more serious consequence in that a considerable amount of farming is interested, but the most serious one of the three is the branch line running to Princeton. That line is to be closed altogether. It starts from the town of Oroville just south of the international boundary in the state of Washington, from the point of junction of the Similkameen and Okanagan rivers, and runs in a general northwesterly direction into Canada following the Similkameen valley. Twenty-four miles short of Princeton there is the town of Hedley, at which the Nickel Plate mine has been producing gold for a quarter of a century. That mine is dependent on that railway. From there the valley widens out considerably and there is a good deal of farming enterprise. As you go to Kermeos, Cawston, and Similkameen there is intensive agriculture, and the most perishable products are produced—cherries and apples, apricots and peaches, tomatoes, and there is dairy farming and cattle raising. From two to three hundred carloads of produce, much of it extremely perishable, much of it dependent upon express shipments has to be handled by that railway. I maintain that a branch line of that description is a public utility. After it is built and a piece of Canada is opened up, settlement follows, and the produce raised in that district as well as the requirements of its population have to be brought in by that railway, and the whole of it has to be carried by that public utility.

On March 23 last the superintendent at Spokane wired all agents as follows:

> Discontinue any further service on Princeton line. If any carload freight should show up for movement on this line we will have to arrange to handle it otherwise perform no service on that line. Please notify all concerned.

On the following day I had a telegram from Keremeos expressing the distress of those people dependant on this line. I took it up with the Board of Railway Commissioners, and was informed that no application for the abandonment of this line had been received. Following this matter further with the Department of Railways and the commissioners I found to my great surprise that there was nothing on the statute books of this country to prevent an American company, if and when it chose, from taking up its steel and abandoning a line. It appears to me that that is not a reasonable thing. If these people cannot use that line for bringing in their necessities and shipping out their produce it will, of course, be necessary for them to decide whether it is possible for them to handle their produce by road, or whether they will have to abandon their land. When you are dealing with a couple of hundred car loads of highly perishable fruit it is not a very pleasant thought to think of handling it by trucks on gravel roads. They could haul forty miles to Princeton. The road is good; the grades are sharp; but whether that gravel road would stand up under the carriage of that continuous quantity of tolerably heavy produce in the fall months is questionable. They could haul thirty miles over the divide to Penticton. But in neither case does it appear to me that they should be forced to do so simply because an American road when

it served its purpose built a branch line into Canada and then, when it had served its purpose, took it out. I am constrained to suggest, in fact, I do suggest to the government, that consideration should be given to the strengthening of our statutes so that such a thing might not be possible, for surely it is reasonable that such a company before being permitted to abandon a line in Canada should at least have to present the facts of the case before the government, the Board of Railway Commissioners or some power in Canada who would consider the facts before the company was permitted to withdraw the line.

Mr. HEAPS: This bill was before the railway committee and it passed through without any opposition. If I remember correctly, the Department of Railways and Canals said that they had no objection whatever to the passage of this measure, and it seems rather strange now to have the statement made to the house by the hon. member for Yale that the abandonment of the line is going to work a hardship on many people who have settled in that district. If such is the case I think the house ought to give serious consideration to the representations of the hon. member for the district, and perhaps allow the bill to stand if there is going to be any such hardship as he has indicated.

Mr. STIRLING: Was the hon. member in when I commenced my statement? I said at the beginning that with the merits of this particular bill and what it desired to do I was not concerned. This matter I have raised is the action of that same company in a different part of British Columbia. I chose this opportunity of placing the facts before the committee.

The CHAIRMAN (Mr. Cowan, Port Arthur-Thunder Bay): In the committee section 1 was amended, changing the date of the agreement from the first day of October, 1931, to the first day of November, 1932. Shall the section as amended be adopted?

Mr. BENNETT: I have listened to the observations of the hon. member for Yale and have been much impressed with the fact during the progress of the discussion on another measure that our law must be very much less useful than I thought it was with respect to matters of this kind. I confess my view was that a line could not be abandoned without the consent of the railway commission, but apparently that is not the law as it now reads. When in this country we charter a company to build a railway we authorize them within a given time to construct a line of rail of the standard width from one point to another. I say we charter them to do so within a given time, and by our standard form of charter we usually provide that if they do not complete that line to the point named within the time limit specified, the charter rights shall be forfeited with respect to that portion of the line which has not been completed.

It should follow that any line thus built under authority of a statute of this parliament could not be abandoned after people had settled beside it, without authority from some source beyond the mere management of the company itself. The argument in times past has been that railroads were profitable or they would not be built, and that therefore the necessity for having the approval of the Board of Railway Commissioners was not apparent. I purpose suggesting to my colleagues the necessity of having an amendment made this session to the Railway Act to provide that no abandonment of a line may take place without the consent of the Board of Railway Commissioners for Canada. I believe it is highly in the public interest that such provision should be made.

When the statement was made by the hon. member for Yale he was referring to a condition not dealt with by this bill, but to a condition in his own community which in principle was somewhat similar to the proposal dealt with by the agreement which this parliament is asked to ratify. And inasmuch as it involves a question of the abandonment of facilities which have been made available through permission granted by a law making authority, whether it be that of the parliament of Canada or a legislature of a province, I believe we should pause and seriously consider the matter before we jeopardize the interests of those who in good faith may have settled and made their homes, and have calculated upon the maintenance of a service to enable them to transport the products of their farms to markets, wherever they may be.

Under those circumstances I suggest that the hon. member in charge of the bill might move the committee up and ask for leave to sit again, in order that the Minister of Railways, who is absent, and the rest of the government may consider the matter more carefully. I believe the case made out for the necessity of enacting general legislation has been such that it is the duty of the government, at the present session, to make a short amendment to the Railway Act.

Mr. BROWN: Does the same point arise in the bill before us?

Mr. BENNETT: Yes; that is the reason I spoke. This bill contemplates the abandonment of lines in a portion of the territory in British Columbia, but not the territory mentioned by the hon. member for Yale.

Mr. McDADE: I move that the committee rise, report progress and ask leave to sit again.

Progress reported.

CRIMINAL CODE AMENDMENT

APPEAL TO PRIVY COUNCIL IN CRIMINAL CASES—LEGISLATIVE POWER UNDER STATUTE OF WESTMINSTER

On the order:

Second reading of Bill No. 57, respecting the criminal code (appeals to privy council)—Mr. Lapointe.

Right Hon. R. B. BENNETT (Prime Minister): That matter has been dealt with by amendments to the criminal code introduced by the Minister of Justice (Mr. Guthrie).

Order stands.

SUPPLY

DEPARTMENT OF MARINE

The house in committee of supply, Mr. Barber in the chair.

Radio service, to provide for the construction and maintenance of radio ship to shore stations and the general administration of the provisions of the Radio Act and regulations throughout the dominion, $679,550.

Mr. MACKENZIE (Vancouver): Carried.

Mr. YOUNG: No, it is not carried.

Mr. McINTOSH: You are not through broadcasting.

Mr. YOUNG: I should like to read from a speech made by the Prime Minister on May 18 last year, as it appears at page 3036 of Hansard. Speaking of the licence fees and the moneys to be expended by the radio commission, he said:

We therefore in this measure for the present have provided that capital expenditures and all expenditures shall be within the income derived from the licence fees. That is, if there are 500,000 licences at $2 per licence, the commission would have an income of $1,000,000, which sum would not be more than expended by the commission in any one year.

The impression left upon the house at the time was that no money would be expended on radio broadcasting or any public service connected therewith, except that which was collected in licence fees. It now appears from the estimates for this year that the radio commission are asking permission to spend a million dollars on broadcasting, or whatever they are doing. But here is another item not charged to the radio commission. The sum of $280,400 for broadcasting improvement is charged to a department of government. That is to say, the commission being held down to an agreed sum, that is, not being allowed to spend any more than the licence fees, other expenditures which it is desired to make in connection with the same service can be made by a department of government. It seems to me that is breaking the spirit, if not the letter, of the act.

Let us see what the position is. Before the radio commission was set up the licence fee was only one dollar. All of that dollar went into the public treasury. Out of the amount which went into the public revenue the sum of $280,400 was taken out for certain services in connection with radio, as outlined in item 140. The balance of the fees, something like half a million dollars, was left in the public treasury to ease the burdens of the taxpayers. The licence fee has now been doubled. Two dollars goes into the treasury, and all of it is turned over to the radio commission. In addition to that, $280,400 can be taken out of the treasury to do the work that was being paid for by the licences. The result is that whatever the revenue from the dollar licence amounted to, if as the Prime Minister says there are 770,000 radios in this country it means that $770,000 that would have been paid into the treasury and made available for this public service is now diverted to radio and therefore has to be replaced out of the pockets of the taxpayers. So I say that this method of doing things is actually taking out of the pockets of the people some $700,000, and breaking the letter if not the spirit of the act.

Mr. BENNETT: Mr. Speaker, I gladly avail myself of this opportunity to make a statement with respect to the policy of the government in connection with radio broadcasting. This house unanimously decided—

Mr. YOUNG: No.

Mr. BENNETT: This house unanimously decided—

Mr. YOUNG: No, I voted against it.

Mr. BENNETT: The hon. gentleman may have expressed his disagreement, but that only tends to show how great the unanimity was. This house, with a single exception then, expressed its view that radio broadcasting in Canada should be a public utility. A commission investigated the matter at some length. The commission made a report. The report was unanimous. It was adopted by the House

of Commons. The hon. member for Weyburn (Mr. Young) says he was opposed to it; I recall that he was. A bill giving effect to the recommendation was introduced. It passed this house without division. That bill provided that radio service in Canada should be a publicly owned utility. A contract was made by the parliament of Canada by statute with radio users in Canada that the $2 licence fee collected from them should be used for the purpose of providing them with radio service. There is therefore outstanding in Canada today a contract by which this parliament undertook that we would collect from licensees at the rate of $2 per licence certain sums of money to be held in trust and utilized for the purpose of radio broadcasting, supplying radio service. Now, the attacks that have been made are being made for the purpose of destroying this publicly owned service.

Mr. YOUNG: No.

Mr. BENNETT: The people who are desirous of destroying it are not numerous, but they are very vocal, and their influence is painfully apparent in many places. The effect upon other countries on this continent of establishing in this country publicly owned radio service will be very great. The opposition to our system is not limited to Canada. Those who are assisting in the opposition to the public ownership of this service are aiding and abetting the private ownership of what in my judgment cannot, in a new country, with the great extensions of knowledge being made from year to year, be properly committed to a private interest.

The money about which the hon. member for Weyburn speaks is therefore money collected from licensees for the purpose of providing radio service. Under our constitution that money is paid into the consolidated revenue fund, but it is earmarked as a trust fund for the purpose mentioned in the Canadian Radio Broadcasting Act, 1932. The duty of the government is to make available to that commission the money that is collected for the purpose mentioned in the statute. To do that an estimate has to be submitted to this parliament. In a sense it is a pro forma estimate, for under the statute of last year it is money in trust for the development of the radio service; not to be used for any purpose you may please, but to be used for just one purpose, the providing of radio service for the Canadian people. Unfortunately—and the government must take the responsibility for it—when the estimate was printed it was not made clear that this was merely releasing to the commission the money thus collected. Had it stated, as it should have stated, and I must assume the responsibility for its not being done, that this money was merely being released for the purposes for which parliament had declared it should be used, there never would have been any difficulty about it.

Mr. YOUNG: Does that apply to this item of $280,400?

Mr. BENNETT: I am coming to that. There has gone throughout the country a statement that the Canadian people in these days of grim adversity are voting a million dollars for radio. That is not correct. What has happened is that a limited number of Canadians have provided at the rate of $2 per licence a sum much in excess of a million dollars—to be exact, up to the moment $1,400,000—for this service. A million dollars of it is contained in that item, and I think the criticism of the hon. member for Weyburn, that it is not clear that the balance necessary to maintain that service should come from this amount, has not been established. Nevertheless that money that is necessary, whatever sum, is for two purposes; first, to provide a service—I propose to have submitted to this house next week a resolution providing for the purchase by the radio commission of the Canadian National Railways radio plant. The plant is being bought for the sum of $50,000, if I remember aright. Of course it cost a good deal more than that, but as it was a branch of a government owned railway the railway officials expressed the view that it should be placed in the hands of the commission. The engineers agreed upon the price, but as the statute says this purchase could be made only with the approval of parliament, it is proposed that a resolution shall be presented to this house and to the Senate of Canada in order that parliament may express its approval of the purchase of these facilities for the sum I have mentioned.

This item, in the words in which it now stands, is to provide for the improvement of reception service, doing away with interference in connection therewith. In my judgment that sum will have to be deducted from the licence fees that are paid into the consolidated revenue fund, because it is a part of the maintenance of the service.

Mr. YOUNG: That is good.

Mr. BENNETT: The other item, as the hon. gentleman properly points out, has reference to the maintenance of our safety radio stations on the coast lines of the Atlantic and Pacific oceans. It involves a large sum of money. Once more it is the old story: when

some newspaper editor, with a wider knowledge of Canadian conditions than members of this parliament or this government, undertakes to expose the wasteful use of public moneys in connection with radio, he is talking about something with respect to which he knows absolutely nothing; for as I have tried to make clear to this house,—and every hon. gentleman can take the statute and look at it for himself,—the money is money paid under a trust for providing radio for the Canadian people.

There is another item, dealing with ship to shore stations and direction finding and the safety of life and ships coming into our ports. Why are we spending this money? Well, Canada must do one of two things: either expect marine insurance rates to be doubled, or maintain radio stations for the purpose of enabling ships to determine their position by radio and to maintain in fog and storm constant communication between ship and shore and ship and ship in order that there may be safety for all who go down to the sea in ships, passengers and crew.

There are a number of such items. This affords one an opportunity to say that, owing to the fact that we have long coast lines, we are compelled to spend literally millions of dollars in bearing our share of the international obligations that rest upon all maritime peoples; to maintain light service, buoys, aids to navigation, direction finding stations, fog horns, everything that goes to make for safety of ships, alike for passengers and crews. When one reads ill-considered statements as to why we should pare down this or that estimate I can only say that I could go through our estimates and show how little really is under the control of any government in these times, how slight is our control with respect to these items. I received a letter yesterday, I think, asking why the members of parliament do not cut down their indemnities by $1,000 and why the cabinet ministers do not cut down their stipends by $3,000 or $4,000. Every service is to be cut except the service in which the individual is directly interested; there must be no cut in that. I am not going to do more than say that if you take these estimates and ask yourselves on what one item you could expend less money than this government is asking for, all you have to do to answer the question is to investigate the character of the service rendered.

So far as this particular item is concerned the Canadian people have made a choice between the privately owned and the publicly owned enterprise. Having concluded that we are going to own our own radio service we must have patience to see that, in the face of great difficulty and opposition, and a very earnest desire on the part of those opposed to the principle to destroy it before it is well born, it gets a fair chance. A fair chance means that the money which a limited number of the Canadian people have paid for radio service, which money is paid into the consolidated revenues of the country earmarked as a trust fund for a particular purpose, which we must vote in order to release it and make it available for that purpose, shall be used so that every encouragement is given the enterprise which we brought into being unanimously—pardon me, with a single exception, the hon. member for Weyburn—so that it may grow up and become a real, virile Canadian industry.

Mr. YOUNG: I am quite satisfied with the explanation given with regard to the item for $679,000; it is quite reasonable. I am also glad to know that this item of $280,400 is to be charged against the funds available to the commission and made up of the licence fees collected. There is one statement, however, in connection with which I should like a little further information. I understood the Prime Minister to say that there was a contract between the government of Canada, or the radio commission, and the licence holders, and that it was a part of that contract that the licence fee should be $2. Is that correct?

Mr. BENNETT: No, I said the fee was fixed at $2. The hon. gentleman will remember that it was so stated by the minister last year when his estimates were under consideration. The contract is that the money derived from licence fees should be utilized for the purpose of providing a radio service in accordance with the terms of the act passed last session. In my judgment that is a statutory trust between this parliament and those who pay their money for licences.

Mr. YOUNG: There is no assurance that the licence fee will not be varied from time to time?

Mr. BENNETT: No, I think that is a matter of regulation.

Mr. MacLEAN: I should like to ask the minister if he has taken up with the commission the idea of broadcasting to ships on the Atlantic coast, in the way broadcasting is being carried on in the west. At the present time there is a service on the Pacific coast by means of which all ships are in constant touch with the radio stations, from which they get the news of the day while at sea. I understand that this service is greatly appre-

ciated, and I should like to know whether steps have been taken to provide a similar service on the Atlantic coast.

Mr. DURANLEAU: I may tell my hon. friend that consideration is presently being given to the introduction of a similar service on the Atlantic coast.

Mr. HANSON (York-Sunbury): Having regard to the announcement just made by the Prime Minister that the commission will take over the Canadian National broadcasting service I should like to ask if any policy has been formulated as yet with regard to broadcasting in the maritime provinces. I may tell the minister that the station at Moncton owned by the Canadian National is obsolete, and I hope the commission are not paying very much for it. I think the people down there are anxious to have a national station established in that community as soon as possible, and if any policy has been adopted I should like to know what it is.

Mr. DURANLEAU: I know that the radio commission is working at present on the location of stations all over Canada in order to satisfy every part of the dominion. Of course their work has not been completed, but I know they are endeavouring to select the best possible location in order to satisfy the Canadian people.

Mr. NEILL: In connection with these range finding stations I may say that one was established in the district I represent some six or seven years ago, and it has done excellent work. I rather think another was established recently, but one plant has been in operation for several years. It is located along a section of the coast that was formerly known as the graveyard of the Pacific, and that name was fully justified. I walked along that coast a number of years ago, and at least once in every mile, and sometimes oftener, there would be the wreck of a boat lying on the beach. I would ask what that was, and I would be told that it was such and such a boat that went ashore several years before. So far as I know, and I think I am in a position to speak with certainty, since the establishment of that range finding station there has not been a single considerable wreck on the west coast of Vancouver island. The cost of the station has been amply repaid, not only in the saving of lives but also in the saving of ships and property.

Mr. HANSON (Skeena): I should like to ask the minister if any definite policy has been laid down in connection with the collection of licence fees. A week or two

ago, when this item was up for discussion, I told the committee the difficulty experienced by myself and the others in parts of my constituency in finding anyone who would take the money for radio licence fees.

Mr. SPENCE: The postmaster.

Mr. HANSON (Skeena): I know some people never paid their licence fees because they could not find anyone who would take it. I inquired at the post offices, the town halls and the radio dealers in two towns in my constituency and was unable to find the proper person. I have had letters this year asking how to get a licence, because no notice has been given, and I do not know the answer myself.

Mr. DURANLEAU: There has been no change in the system of collecting fees; the postmasters, the radio dealers and some banks are authorized to sell licences. The only change is that we have authorized the supervisors, who were appointed last year, to canvass from house to house after April 1, and they receive the same commission that is paid the banks or the dealers, which is 15 cents per licence. If there is any locality which is not provided with a vendor of licences I should be glad to be notified and the matter will be attended to immediately. I think the country is well provided to-day with authorized vendors.

Mr. HANSON (Skeena): The minister says there has been no change. I have always obtained my licence from the dealer every year until last year when, together with other radio owners in the locality, I applied to the dealer and was informed that he could not take our money because he had no authority to collect. I went to the post office and I found that they could not take it either, and finally I wrote to the inspector of the mounted police in the district and he replied, "Send your money and I will see that you get the licence." The average citizen cannot go to all that bother, and I know that the government has lost some revenue merely because people have been unable to find anyone to take the fee and give out a licence.

Mr. DURANLEAU: We will attend to the matter.

Mr. HANSON (Skeena): The radio dealer said he could not give me a licence.

Mr. McINTOSH: I believe we are dealing with item 140, which has reference to radio service, to provide for the general improvement of reception conditions to licensed broadcast listeners.

The CHAIRMAN: We are on item 139.

Mr. McINTOSH: What I have to say can be said equally well under that item, although I understood that we were discussing both. Before passing on to another item I wish to place on record three protests I have received from my riding with respect to present broadcasting conditions. It seems to me that many people have the conviction that equal treatment is not being meted out to every listener, and I would submit that impartiality is an important asset of any national broadcasting system. These three protests which I am about to put on record are concerned with the broadcasting of Judge Rutherford's lectures. I do not know Judge Rutherford or the protesters mentioned but as a matter of principle I am anxious to record these protests which I have received with regard to the treatment that is being meted out to those people in this country who believe in that gentleman.

Some hon. MEMBERS: We all have a dozen of such protests.

Mr. McINTOSH: Yes, but just take your time. The first protest is dated Hillside, March 17, 1933, and reads:

Regarding Judge Rutherford's lectures and censoring of same, I hereby protest.

That is the right of every citizen, to protest. Further:

We believe God's word is truth and life, and should not be subject to any man to say what we shall hear.

I am,

Yours truly,
Mrs. Frank Connelly,
Hillside P.O.,
Sask.

The second protest is from the same locality, dated also March 17, 1933:

Am writing to protest against Judge Rutherford's lectures or anyone else being censored before going over radio. I am one who believes "God's word is truth." I believe it should go over the air without interference.

Yours truly,
L. Carr.

The third, also from the same locality and bearing the same date, March 17, 1933, reads:

I have read Judge Rutherford's important notice to the Canadian people and do not hesitate to protest against Judge Rutherford or anyone else speaking upon the scriptures having their lectures subject to censorship by the commission or anyone else, as I truly believe God's word is truth.

And thus far have found nothing in Judge Rutherford's lectures of an anti-social nature.

Yours respectfully,
Mrs. H. Rector.

These three protests I wish to have on the record, but before resuming my seat I want to ask the Prime Minister a question. The right hon. gentleman made a statement to the house in connection with radio broadcasting, and incidentally touched upon the critical attitude of many newspapers in Canada towards certain aspects of the question. May I ask him to be specific enough to name some of the newspapers he had in mind.

Some hon. MEMBERS: Carried.

Mr. McINTOSH: I am asking the Prime Minister to be definite enough in that regard. I want the information, and I believe that the accused newspapers of Canada would want to have it.

Mr. BENNETT: This afternoon an hour was spent disposing of the Judge Rutherford incident, and now, in order that a member of this house might try to secure three votes at the next election—

Mr. McINTOSH: No, it is six.

Mr. BENNETT: —we have put upon the record these three protests, for no other purpose in the world.

Mr. MACKENZIE (Vancouver): I rise to a point of order. I think the right hon. gentleman is imputing motives.

Mr. BENNETT: I am not imputing motives.

Mr. MACKENZIE (Vancouver): You are. The right hon. gentleman made the statement that for the purpose of securing three votes at the next election the hon. member is placing three protests on record.

Mr. BENNETT: Yes, knowing him as I do, I say so.

Mr. STEWART (Leeds): He says six.

Mr. MACKENZIE (Vancouver): The Prime Minister aggravates his statement. He says, "Knowing him as I do, I say so". I submit that according to the rules of the house no hon. member, and least of all the leader of the government, has any right to impute motives to any hon. member.

An hon. MEMBER: It was so apparent.

Mr. BENNETT: The hon. gentleman has stated his point of order; I do not propose to make a speech about it. Go on and say what you have to say.

Mr. McINTOSH: More impudence.

Mr. MACKENZIE (Vancouver): I do not think the Prime Minister is doing himself justice.

Mr. BENNETT: What is the point of order?

Mr. MACKENZIE (Vancouver): I am speaking to the point of order. May I have permission to speak to the point of order? I say that the right hon. the Prime Minister, after my hon. friend from North Battleford had recited certain incidents, rose in his place and said that the hon. gentleman, for the purpose of securing three votes at the next election, had placed three protests on the record.

Mr. BENNETT: He admits it himself, only he says it is six.

Mr. MACKENZIE (Vancouver): He did not admit it at all.

Mr. BENNETT: He said six.

Mr. MACKENZIE (Vancouver): He just made a statement as to the number of protests, that is all.

Mr. BENNETT: Go on with your point of order.

Mr. MACKENZIE (Vancouver): This is a wonderful exhibition of Tory tolerance. Here we have the right hon. gentleman, who should be the custodian of the rules and procedure of the house, imputing motives to another member of the house. I suggest that the hon. member for North Battleford should insist upon his withdrawing his remark.

Mr. STEWART (Leeds): He said six votes himself.

Mr. BENNETT: The point of order has not been negatived by the hon member for North Battleford. There can be no imputation of motives when I said three and the hon. gentleman said, no, it was six.

An hon. MEMBER: He was only joking.

Mr. BENNETT: What imputation of motives can there be when he admits it is six and not three? It was a statement of fact, only it was understated—that was the only trouble. I said three and he said six.

Mr. MACKENZIE (Vancouver): I insist on the point of order. The Prime Minister has imputed motives to a member of the house and I suggest that he should withdraw the imputation.

Mr. REID: It might settle the matter if I say for the information of the house that none of the sect ever voted.

Mr. McINTOSH: Mr. Chairman—

Mr. MACKENZIE (Vancouver): The Prime Minister's imputation is more silly than ever.

Mr. BENNETT: Cheap.

[Mr. Bennett.]

Mr. MACKENZIE (Vancouver): It was a cheap remark made by the Prime Minister.

Mr. McINTOSH: The Prime Minister was asked a definite question by myself as I was closing the few remarks I had to make in connection with this item before the house. I asked him for definite information on another matter that has to do with derogatory remarks concerning certain Canadian newspapers, and he proceeds to draw a red herring across the political trail. He did not answer my question, but instead he made an imputation in regard to my submission of three protests which I have received from a section of the North Battleford federal constituency. May I say, Mr. Chairman, that the Prime Minister in this regard has given a very poor lead to the house in decorum, as he has often done before. It is not the first time he has done it and he has repeated his actions to-night. I made no admission at all, I only said that mathematically he was doubly wrong and in every other way he was wrong. When he was making his imputation he might as well have had the correct number of protests thereby making his imputation more ridiculous than ever. I deny the imputation made by the Prime Minister and I ask him to withdraw it.

An hon. MEMBER: You are too late.

Mr. McINTOSH: No, I am not too late; I am asking him to withdraw and if he is a gentleman he will do it.

Mr. BENNETT: For an hour this afternoon the committee discussed this matter. It has received petitions without number with respect to Judge Rutherford and explanations have been given with respect to Pastor Russell's statements over the radio, and they have been repeated with respect to this matter. The general consensus of opinion of the committee has been that the action taken by the commission was sound. The point I rose to make was as to whether or not an hon. gentleman who has seen fit to absent himself from the chamber should, after an hour has been taken up in the discussion of this matter, rediscuss the matter for the purpose of having three protests placed upon Hansard.

An hon. MEMBER: You said more than that.

Mr. BENNETT: Of course I said more: I said for the purpose of making certain that three votes would be available. The hon. gentleman says that the number is inaccurately stated, that it should be six. He said that the imputation is not correct in number. There is no point of order to be raised; the hon. member himself has made it clear that no

public purpose is being served. There has already been an hour's discussion on the matter but the hon. member takes up at least $150 worth of the time of this country to have this matter placed on Hansard.

Mr. MACKENZIE (Vancouver): The right hon. gentleman has imputed motives against an hon. member and he knows that according to the rules of this house he is distinctly out of order.

Some hon. MEMBERS: No.

Mr. MACKENZIE (Vancouver): I wonder when hon. gentlemen sitting behind the Prime Minister will decide to observe the decencies of debate. I am trying to state a point of order and there is no one in this house knows the basis of that point of order better than the Prime Minister. The right hon. gentleman said, and he repeated the statement, that the remarks of the hon. member for North Battleford were made for the purpose of obtaining three or six votes—the number is immaterial—at the next election. That imputation is distinctly and emphatically out of order and no hon. member of this house has a right to make such a suggestion about any other hon. gentleman. Again I ask the right hon. gentleman to do the courteous thing and withdraw his imputation.

Mr. BENNETT: The hon. gentleman has a habit of bobbing up on every occasion; he is like a jack in the box, and in nine cases out of ten he is wrong. That is his record.

Mr. YOUNG: This is the tenth case.

Mr. BENNETT: It is one of the nine. The hon. gentleman says that it is improper to impute motives, but one is not imputing motives when he is stating the absolute facts. After an hour's discussion had taken place the hon. member, who had been absent, takes up time to the value of from $100 to $150 to make a statement which could not possibly serve any public purpose.

Mr. MACKENZIE (Vancouver): That is not the point at all.

Mr. BENNETT: It was a bald statement of fact. I say it could be done for only one purpose and there is nothing to withdraw.

Mr. MACKENZIE (Vancouver): The right hon. gentleman knows as well as I that he cannot state that purpose even if he believes it to be true. I am asking for the withdrawal of the imputation.

Mr. SPENCE: He had no business reading the letter.

Mr. MACKENZIE (Vancouver): I am insisting on my point of order.

Mr. SPENCE: I could have given him a bushel of them.

Mr. MACKENZIE (Vancouver): I am rising to a point of order and I ask for a ruling.

The CHAIRMAN (Mr. Barber): What is the point of order?

Mr. MACKENZIE (Vancouver): According to the rules of the house, no hon. member can impute motives to another hon. member.

Mr. SPENCE: Let us go on with business.

The CHAIRMAN (Mr. Barber): We will proceed with the item. I rule the point of order is not well taken.

Mr. MACKENZIE (Vancouver): I appeal from the ruling. If you want to make progress, we will make progress.

The CHAIRMAN (Mr. Barber): Give it to me in writing.

Mr. MACKENZIE (Vancouver): If you knew the rules, Mr. Chairman—

Some hon. MEMBERS: Order.

Mr. BENNETT: Now the hon. gentleman has raised a question. He has asked the chairman if he knew the rules. Since he is such a paragon, I assume he will withdraw that statement.

Mr. MACKENZIE (Vancouver): The chairman asked me to submit it in writing and my right hon. friend knows very well that that is not necessary. The chairman may have to submit the point in writing but I do not.

Mr. BENNETT: The hon. gentleman said: If you knew the rules of order.

Mr. MACKENZIE (Vancouver): I am quite correct.

Mr. HANSON (York-Sunbury): Let us get on with the business.

Mr. McINTOSH: Mr. Chairman—

Some hon. MEMBERS: Order.

Mr. SPENCE: You start more trouble than Jezebel.

Mr. McINTOSH: The Prime Minister made a statement—

The CHAIRMAN (Mr. Barber): Let us get this settled.

Mr. MACKENZIE (Vancouver): I appeal from the ruling.

The CHAIRMAN (Mr. Barber): Will you state your point?

Mr. MACKENZIE (Vancouver): I rose to a point of order, that the right hon. the Prime Minister had imputed motives to another hon. member of this house. The chairman ruled that I was out of order and I appeal from the ruling.

Mr. BENNETT: It is not a point of order for an hon. gentleman to rise and say that another hon. member imputes motives.

Mr. MACKENZIE (Vancouver): It is well known that when one hon. member imputes motives against another hon. member and a withdrawal is requested, that is considered as a point of order. I appeal to you, Mr. Chairman, to demand that withdrawal; you ruled against me, and I appeal from your ruling.

Mr. BENNETT: The question must be properly stated for the chair. An hon. gentleman, not the member affected, has raised a point of order; he says that motives have been imputed against an hon. member. He did not say improper motives, so there is no point of order to be raised. The gentleman affected said the number was not three, that it was six, so what is the point of order?

Mr. MACKENZIE (Vancouver): The point of order is very obvious. When an hon. member imputes improper motives against another hon. member, any hon. member has the right to rise to a point of order.

Mr. BENNETT: This is the first time the word "improper" has been used.

Mr. HEAPS: The rule of the house dealing with motives is No. 297. This rule reads:

The imputation of bad motives,—

I do not know that any bad motives have been imputed. If it is an imputation of a bad motive to accuse a member of trying to get six votes, I suppose every hon. member would be guilty. Even an attempt to get them in this house by making speeches or reading letters would hardly come under that heading. The rule goes on:

—or motives different from those acknowledged,—

I do not know that there has been anything done contrary to that rule. It continues:

—misrepresenting the language of another—

There has been no misrepresentation here.

—or accusing him, in his turn, of misrepresentation.

[The Chairman.]

I do not think that has been done. Then it says:

—charging him with falsehood or deceit; or contemptuous or insulting language of any kind; all these are unparliamentary and call for prompt interference.

While there has been a good deal of talk and perhaps a little heat in the chamber, I think that under a strict interpretation there has hardly been a transgression of paragraph 297.

Mr. MACDOUGALL: Mr. Chairman, I was just going to raise the point which has been raised by my hon. friend. Knowing my hon. friend from North Battleford as I do, and knowing his ability in this house since 1925, I do not think he should be called to order for saying that a certain statement would give him six votes. I should like to give him six thousand votes. I do not see any point of order at all unless hon. gentlemen desire he should be adjudged unworthy of any votes.

Mr. McINTOSH: The Prime Minister made the statement that because I was absent from the house this afternoon I made the statement which I did in the house in order to capture three votes. That is about as cheap a statement as could be made by any citizen of Canada, but perhaps it is not too cheap for the Prime Minister of this country. At all events he has made it.

The CHAIRMAN (Mr. Barber): I would ask the hon. gentleman to confine his remarks to the question before the Chair.

Mr. McINTOSH: I am doing so. The Prime Minister in the statement he made in regard to my unavoidable absence from the house went on to harangue us about what it costs the country. I wonder what it costs the country for his absences during the last three or four years from his seat in this house. Can the Prime Minister be absent and another member not? That is a fine type of justice and a fine specimen of Canadian equality to come from the leading parliamentarian of Canada. Well, I throw it back in his teeth right here, and as far as my absence is concerned I shall be absent from my seat in the house when I want to be, and I do not intend to ask the Prime Minister whether I can be absent or not. I am responsible to the electors of my riding for my absence. Therefore, Mr. Chairman, I am going to ask the Prime Minister to withdraw his dirty insinuation, and if he is any man or if he has any decency he will do it.

The CHAIRMAN (Mr. Barber): I think the words "dirty insinuation" are unparliamentary, and the hon. member should withdraw them.

Mr. McINTOSH: If they are not parliamentary, Mr. Chairman, I will withdraw them, but I think perhaps they are not.

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

Mr. McINTOSH: The statement he made is absolutely false and I am asking him to withdraw it, every letter of it, every syllable of it and every word of it.

Mr. MACKENZIE (Vancouver): I appeal from your ruling, Mr. Chairman.

Mr. CHEVRIER: Might I ask you, Mr. Chairman, what this is costing the country now?

Mr. BENNETT: That is what I was thinking. You might ask the hon. member for Vancouver Centre.

Mr. MACKENZIE (Vancouver): Ask the Prime Minister.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

The hon. member for North Battleford (Mr. McIntosh) having stated that the Prime Minister had imputed motives against him, the member for Vancouver Centre (Mr. Mackenzie) raised a point of order. The chairman ruled that the Prime Minister had not done so. Against this ruling the member for Vancouver Centre appeals to the house.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Arsenault,	MacLaren,
Belec,	MacNicol,
Bennett,	McGregor,
Bourgeois,	McLure,
Bowen,	Maloney,
Bowman,	Murphy,
Boyes,	Myers,
Bury,	Nicholson,
Cantley,	Price,
Chaplin,	Quinn,
Cowan (Port Arthur-Thunder Bay),	Rogers,
	Ryckman,
Cowan (Long Lake),	Ryerson,
Dickie,	Senn,
Duranleau,	Smith (Victoria-Carleton),
Esling,	
Fraser (Cariboo),	Spankie,
Gobeil,	Spencer,
Hay,	Sproule,
Heaps,	Stanley,
Irvine,	Stewart (Leeds),
Jones,	Stewart (Lethbridge),
Kennedy (Peace River),	Stirling,
	Sutherland,
Loucks,	Swanston,
Macdougall,	Turnbull.—49.

NAYS

Messrs:

Bradette,	McKenzie (Assiniboia),
Cardin,	McPhee,
Chevrier,	Neill,
Fiset, Sir Eugène,	Reid,
Hanson (Skeena),	Sanderson,
Ilsley,	Stewart (Edmonton West),
King, Mackenzie,	
MacInnis,	Taylor,
MacLean,	Young.—17.

PAIRS

(The list of pairs is furnished by the chief whips.)

Messrs:

Anderson (Halton),	Factor,
Arthurs,	Fournier,
Baker,	Bertrand,
Barber,	Totzke,
Baribeau,	Beaubien,
Barrette,	Rhéaume,
Beaubier,	Ahearn,
Bell (Hamilton),	Mercier (St. Henri),
Bell (St. Antoine),	Raymond,
Bell (St. John),	Dubois,
Beynon,	Euler,
Black (Halifax),	Dubuc,
Burns,	Butcher,
Cahan,	Rinfret,
Casselman,	Howard,
Charters,	Blair,
Cotnam,	Hurtubise,
Dorion,	Verville,
Duguay,	Dumaine,
Dupré,	Ferland,
Edwards,	Elliott,
Embury,	Bothwell,
Fortin,	Fafard,
Gagnon,	Boulanger,
Garland (Carleton),	Goulet,
Geary,	Mercier (Laurier-Outremont),
Gordon,	Deslauriers,
Gott,	Rutherford,
Guthrie,	Lapointe,
Hackett,	Perras,
Hanson (York-Sunbury),	Veniot,
Harris,	Jacobs,
Johnstone,	Donnelly,
Kennedy (Winnipeg),	McIntosh,
Laflèche,	Girouard,
Larue,	Thauvette,
Laurin,	Fontaine,
Lawson,	Gray,
Lennox,	Pouliot,
MacDonald (Cape Breton),	Urquhart,
MacMillan,	Mackenzie (Vancouver),
McDade,	Dupuis,
McGibbon,	Power,
Manion,	Hanbury,
Matthews,	Moore (Ontario),
Morand,	Parent,
Mullins,	Howden,
Perley (Qu'Appelle),	Munn,
Perley, Sir George,	Marcil,
Pettit,	Bouchard,
Porteous,	Macphail, Miss,
Rhodes,	Ralston,

Robinson,	Desrochers,
Ross,	Roberge,
Rowe,	Lacroix,
Sauvé,	Séguin,
Short,	Heenan,
Simpson (Simcoe),	Mitchell,
Simpson (Algoma),	Casgrain,
Smith (Cumberland),	Duff,
Smoke,	Cayley,
Spence,	Fraser (Northumberland),
Spotton,	Hepburn,
Stevens,	Malcolm,
Stinson,	Hall,
Stitt (Selkirk),	Weir (Macdonald),
Sullivan,	Brasset,
Thompson (Simcoe),	Jean,
Tummon,	St-Père,
Weir (Melfort),	Motherwell,
White (London),	Gershaw,
Willis,	Brown,
Wilson,	Vallance,
Wright,	Golding.

Mr. BLACK (Halifax): I was paired with the hon. member for Chicoutimi (Mr. Dubuc). Had I voted I would have voted to sustain the Chairman's ruling.

Mr. SAUVE: I was paired with the hon. member for L'Assomption-Montcalm (Mr. Séguin). Had I voted I would have voted to sustain the Chairman's ruling.

Mr. WEIR (Melfort): I was paired with the hon. member for Melville (Mr. Motherwell). Had I voted I would have voted to sustain the Chairman's ruling.

Mr. MACKENZIE (Vancouver): I was paired with the hon. member for Saskatoon (Mr. MacMillan). Had I voted I would have voted against the Chairman's ruling.

Mr. SMOKE: I was paired with the hon. member for South Oxford (Mr. Cayley). Had I voted I would have voted to sustain the Chairman's ruling.

Mr. VALLANCE: I was paired with the hon. member for Wentworth (Mr. Wilson). Had I voted I would have voted against the Chairman's ruling.

Mr. SPENCE: I was paired with the hon. member for Northumberland (Mr. Fraser). Had I voted I would voted to sustain the Chairman's ruling.

Mr. ANDERSON (Halton): I was paired with the hon. member for Toronto West Centre (Mr. Factor). Had I voted I would have voted to sustain the Chairman's ruling.

Mr. SIMPSON (Algoma): I was paired with the hon. member for Charlevoix-Saguenay (Mr. Casgrain). Had I voted I would have voted to sustain the Chairman's ruling.

[Mr. I. Mackenzie.]

Mr. BOTHWELL: I was paired with the hon. member for Hastings-Peterborough (Mr. Embury). Had I voted I would have voted against the Chairman's ruling.

Mr. BLAIR: I was paired with the hon. member for Peel (Mr. Charters). Had I voted I would have voted against the Chairman's ruling.

Mr. McINTOSH: I was paired with the hon. member for Winnipeg South Centre (Mr. Kennedy). Had I voted I would have voted to repudiate the unfair ruling of the chair.

Mr. TOTZKE: I was paired with the hon. member for Fraser Valley (Mr. Barber). Had I voted I would have voted against the Chairman's ruling.

SUPPLY

The house resumed in committee of supply, Mr. Barber in the chair.

Mr. BENNETT: As the point of order was raised the hon. member for North Battleford made the statement that I had been guilty of a falsehood. If that language is correctly stated I ask to have it stricken from the record.

Mr. McINTOSH: On the point of order, the Prime Minister stated that the remarks I made in connection with radio broadcasting were made to secure three votes. I said that was a false statement, and I say it again.

Mr. BENNETT: That is not what was said.

Mr. McINTOSH: That is exactly what I said before.

Mr. BENNETT: Mr. Chairman, the language is taken down; if the reporters have it in that way it can easily be verified. That certainly cannot be put upon the record.

The CHAIRMAN (Mr. Barber): The hon. member cannot say that the remark of the Prime Minister was a falsehood. He might say that they were not—

Mr. BENNETT: He can say they are incorrect, if he likes.

Mr. McINTOSH: May I say in language that is clear and plain that they constitute an untruth and are not in accordance with the facts.

Mr. BENNETT: That would be improper, too.

The CHAIRMAN (Mr. Barber): I ask the hon. member to withdraw that statement; I appeal to the hon. member.

Mr. McINTOSH: And to make it still more emphatic I will say the statement is not a true statement. How do you like that?

Some hon. MEMBERS: Withdraw.

Mr. BENNETT: That is quite satisfactory.

Mr. MACDOUGALL: Surely if it is not true my good friend from North Battleford will—

The CHAIRMAN (Mr. Barber): We were dealing with item 139.

Some hon. MEMBERS: Carried.

Mr. MACKENZIE (Vancouver): No, it is not carried, with that kind of tactics.

Mr. SANDERSON: I should like to ask the minister if the radio commission have purchased or taken over any broadcasting stations in Canada, if so where, and at what price?

Mr. DURANLEAU: I understand we are now discussing three items together, namely items 139, 140 and 247. Otherwise all this discussion would have to come under item 247. If the three are not being discussed together we should limit the discussion to items 139 and 140. They have nothing to do with the radio commission.

Mr. SANDERSON: I have been under the impression that we have been discussing items 139 and 140. We have not yet reached item 247. On items 139 and 140 we have been talking for four hours, and my question is along the line of others which have been answered by the minister.

Mr. DURANLEAU: I understood that the three items were under consideration, because the question of the hon. member would come under item 247.

Mr. SANDERSON: If the minister thinks item 247 is included, my question will be quite in order.

The CHAIRMAN (Mr. Barber): We are discussing items 139 and 140.

Mr. DURANLEAU: And 247?

The CHAIRMAN (Mr. Barber): No.

Mr. SANDERSON: I do not think it makes much difference.

Mr. DURANLEAU: Yes, it does. I shall answer the hon. member's question when item 247, which concerns the radio commission, is under consideration.

Mr. SANDERSON: There have been many questions asked this afternoon and this evening which affected the radio commission.

Mr. DURANLEAU: I understand that.

Mr. SANDERSON: The discussion has been centred on the commission.

Mr. DURANLEAU: Why does the hon. member object?

Mr. SANDERSON: I am not objecting; I am putting a question to the minister.

Mr. DURANLEAU: Why does he object to the three items being considered at the same time?

Mr. SANDERSON: I have no objection to that.

Mr. GARDINER: Certainly we object; there is no reason why we should discuss more than one item at a time.

Mr. MALCOLM: We have been discussing two all day.

Mr. GARDINER: That does not make any difference. I submit, Mr. Chairman, that you should confine the discussion to one item.

The CHAIRMAN (Mr. Barber): The item under discussion is No. 139.

Some hon. MEMBERS: Carried.

Mr. SANDERSON: No, it is not passed yet. If it is 139 it says:

> Radio service, to provide for the construction and maintenance of radio ship to shore stations and the general administration of the provisions of the Radio Act and regulations throughout the dominion.

Surely my question would come under that.

Mr. DURANLEAU: Item 139 has nothing to do with radio broadcasting.

Mr. SANDERSON: But it says "administration of the provisions of the Radio Act." Is not that broad enough to cover my question?

Mr. DURANLEAU: That is not the Canadian Radio Broadcasting Act, 1932; it is the Radio Act, which existed before the Canadian Radio Broadcasting Act was adopted last session.

Mr. SANDERSON: Then with all due respect to the minister, he apparently does not want to answer the question. I hope he knows more about the Radio Act than he does about the Canadian Radio Broadcasting Act.

Some hon. MEMBERS: Carried.

Mr. SANDERSON: No, Mr. Chairman, it is not carried. I still put my question to the minister and ask for an answer.

Mr. DURANLEAU: I am telling my hon. friend that not a cent of this vote will go to the radio commission, neither for its administration nor for the purchase of any station in Canada. I would suggest that my hon. friend wait until item 247 is brought before the committee; that will be the proper time to discuss the purchase of stations by the radio commission.

Mr. SANDERSON: This afternoon we discussed broadcasting stations for about an hour, one in London and one in Windsor, and we were then on item 139. The hon. minister raised no objection. Why he objects now I cannot understand.

Mr. DURANLEAU: Because this afternoon I thought we were proceeding with the three together. My hon. friends will recall that when these items were called a few weeks ago the three were called together and discussed at the same time. I thought we were doing the same this afternoon. Why does my hon. friend insist upon discussing the administration of the radio commission on a vote which has nothing to do with it? The other item will come up very soon.

Mr. SANDERSON: Well, I do not want to prolong this. I think the minister is unreasonable. If he is right in his contention that all three items should be discussed together, then why does he not answer my question? Take it under 247 and answer it now.

Mr. DURANLEAU: It is objected that we should proceed with only one item at a time, so we are proceeding with item 139. The hon. member's question has nothing to do with that item.

Mr. POULIOT: Speaking on item 139, I wonder why that is not under the jurisdiction of the radio commission. The radio commission has certain powers. It has in its service experts, men who have special and trained knowledge of the radio business, I wonder why they cannot see to it that these short or long waves are submitted to regulation, and look after interference throughout the dominion from coast to coast. If the hon. gentleman who has just spoken intends to prove that the ocean and river radio service should be under the jurisdiction of the commission, there is at once a relation between the two votes, and the minister, who is a very able lawyer, understands it very well. If he submits that the ocean radio service should be under the control of the radio commission, just as the radio commission is under the superintendence of the minister himself, both items can be discussed together, on account of the relation that exists between them. I submit that point to the chairman. There is certainly an apparent link between the items, and the minister will not deny it.

Mr. SANDERSON: If the minister thinks my question does not come under 139, let me read item 140.

The CHAIRMAN (Mr. Barber): I think we had better deal with 139 first.

Mr. SANDERSON: Item 140 is as follows:

Radio service, to provide for the general improvement of reception conditions to licensed broadcast listeners.

Is not that wide enough to cover my question?

The CHAIRMAN (Mr. Barber): We are dealing with 139.

Some hon. MEMBERS: Carried.

Mr. SANDERSON: No, Mr. Chairman. With all due respect, is that your ruling?

The CHAIRMAN (Mr. Barber): We are dealing with 139 at present.

Mr. SANDERSON: Apparently for the last four hours we have been dealing with 139, 140, and the minister says 247.

Mr. BENNETT: An hon. member said he wanted it confined to one item.

Mr. POULIOT: This item is not subject to the radio commission?

Mr. DURANLEAU: No, because it is not broadcasting. It concerns radio for navigation, and comes under the Marine department.

Mr. VALLANCE: It is not under the commission?

Mr. DURANLEAU: This item was voted by the house for years before the Canadian Radio Broadcasting Act was adopted. The items are the same that existed years ago. The item that concerns the radio commission is No. 247.

Mr. POULIOT: The minister says that the radio commission has nothing to do with this vote?

Mr. DURANLEAU: Absolutely.

Item agreed to.

Radio service, to provide for the general improvement of reception conditions to licensed broadcast listeners, $280,400.

Mr. SANDERSON: Then I will ask the minister my question on item 140.

Some hon. MEMBERS: Carried.

Mr. SANDERSON: No, there is a question to the minister.

Mr. STEWART (Edmonton): The commission has nothing to do with either of these votes; they are entirely under the control of the department?

Mr. DURANLEAU: Yes, that is a fact.

Sir EUGENE FISET: The Prime Minister said a few minutes ago that this amount of $280,400 comes from the revenues received from licensees, and therefore was under the control of the radio commission.

Mr. BENNETT: The hon. member for Rimouski is mistaken; I did not say under the control of the commission. The question whether the commission shall exercise jurisdiction in respect to interference has been discussed. Interference between stations has to be controlled by the commission, it is true. The prevention of interference with the use of instruments owned by the individual has heretofore been carried on by the marine department. I said this sum of money would be charged against the licence fees, but I did not say it was going to be directed by the broadcasting commission. This item at the moment is being managed and controlled by the marine department as heretofore.

I think perhaps the difficulty of the hon. member for South Perth (Mr. Sanderson) is that he did not hear the hon. member for Acadia (Mr. Gardiner) suggest that the committee confine itself to one item at a time. Under those circumstances the chairman was bound to do so, but this is the usual item that has been passed for years for the purpose of remedying difficulties in connection with reception. As I tried to explain, it will be paid from the sums collected in fees, but at the moment it is administered by the marine department.

Mr. STEWART (Edmonton): May I ask if it is the intention to leave the inspection and location of difficulties in the hands of the Marine department or whether this work will be turned over to the commission?

Mr. BENNETT: The matter has been considered from every angle. In Great Britain the post office looks after the interference with individual reception and the broadcasting corporation looks after matters connected with the facilities of the corporation. The matter is being considered; whatever experience teaches us is in the public interest will be done. I saw Mr. Gladstone Murray the other day for the purpose of ascertaining just how it had worked out in England, and the minister and I have been discussing the matter at some length in the light of the knowledge we have obtained. When the commission came into being the department had a force of experts looking after these matters, and they have continued to do the work. The commission and the minister, as he will tell you, are in constant communication as to what will best serve the public interest.

Mr. VALLANCE: In spite of what the Prime Minister has said this is hardly clear to many of us yet. Item 140 is to provide for radio service and for the general improvement of reception conditions to licensed broadcast listeners. Has the commission no control over these people who pay licence fees in order to listen to the broadcasts? It seems to me there is some misunderstanding still. When you turn to vote 247 you find that it is to provide for the Canadian radio broadcasting service. Here is another broadcasting service. The Prime Minister has tried to explain it, but it seems to me some further explanation is necessary.

Mr. BENNETT: The hon. gentleman was not in his place when I explained the matter; if he had been here he would have heard the whole explanation. I endeavoured to make clear that the fund was collected from licence holders, and by statute we undertook to provide them with a radio service in return for the fees thus paid. This is an item that appeared in previous years with respect to the improvement of reception by individual licence holders. Now this amount is being charged against the fees of the licensees, which are paid into the consolidated revenue fund. Item 247, to which attention has been directed, deals directly with the operations of the broadcasting commission itself. I am not going to take the time of the committee to repeat what I have already said; I think the hon. gentleman will agree that it is hardly necessary to repeat these explanations three or four times.

Sir EUGENE FISET: I wonder if the Prime Minister would permit me another question in order to clear up the matter. Is that amount of $284,000 paid under the Radio Act or under the radio broadcasting act? I understand that the power to collect these licence fees and apply them to this vote comes under the radio broadcasting act.

Mr. BENNETT: No, this work is done under the provisions of the radio act but, as I have explained, since the last fiscal year—since these estimates were prepared, in reality—the broadcasting commission has come into being and there has been already coordination of the work between the two departments. That work is going on all the time, but at the moment it is proposed, as I explained to the hon. member for Weyburn, to charge that sum against the fund collected from the licensees, which is paid into the consolidated revenue fund. As the hon. gentleman has remarked, part of these operations would come under the radio act, but the collection of fees and matters of that kind come under the provisions of the broadcasting act.

Mr. SANDERSON: Then may I ask one question. This amount of $280,400 is part of the money collected for licences, and I understand that these fees are handed over to the commission after they are paid. Is that correct?

Mr. DURANLEAU: No.

Mr. MALCOLM: The minister explained that the $280,000 provided in item 140 represents the cost of giving service to radio receivers, keeping sets in repair, looking after wave lengths, eliminating interference and so on. This afternoon he told us that it cost either $170,000 or $190,000 to look after interference.

Mr. DURANLEAU: It cost $90,000 to collect the licence fees.

Mr. MALCOLM: Will the minister tell us why he thinks it necessary to farm out his taxation? I ask that question advisedly. People who secure their radio licences go to the post office and pay $2, yet people who do not pay must be looked up, and the state receives only $1.60. The minister admitted that the other night.

Mr. DURANLEAU: The post office only gets 5 cents per licence. The vendors get 15 cents per licence, and that applies to those who canvass from house to house as well. They get 15 cents per licence instead of 40 cents, which they were paid last year.

Mr. MALCOLM: The minister admitted that a supervisor also costs some money.

Mr. DURANLEAU: Last year we paid 40 cents, because the house to house canvass only started in September; it was a clean up. This year we are paying only 15 cents to canvassers, which includes the expense for the supervisors.

[Sir Eugene Fiset.]

Mr. MALCOLM: I want to say to the minister that if someone is found who has not bought a licence I think the state should get the $2 and the individual should pay the extra cost of finding out that he did not secure a licence. I do not think the revenue of this country should be less by virtue of the fact that someone must go round and make a man pay a licence fee which by statute he is supposed to pay.

Mr. DURANLEAU: At the present time it does not cost more.

Mr. MALCOLM: Why should it cost $90,000?

Mr. DURANLEAU: Because we must have someone to issue these licences, the postmasters, radio dealers and so on, and we must have a central organization in the department to look after the accounting, auditing and other work. I do not think $90,000 is an excessive charge for the collection of $1,500,000; I suggest that it is a very small amount.

Sir EUGENE FISET: I wonder if the minister would be kind enough to inform me if the vendors are still obliged to buy those licences in advance in order to get the 15 cents commission.

Mr. DURANLEAU: Yes.

Sir EUGENE FISET: How many at a time?

Mr. DURANLEAU: They come in books of ten.

Mr. POULIOT: I should like to ask what amount was paid each of the collectors, and especially to Mr. Bigonesse of Montreal.

Mr. SPENCE: Sit down.

Mr. POULIOT: I am speaking about Montreal, not Toronto; I am asking a pertinent question and I do not care for impertinent interjections. I should like to ask how much Mr. Bigonesse of Montreal has received by way of commissions of any kind during his period of employment, and how much was paid each of the collectors.

Mr. DURANLEAU: As I explained previously, supervisors have been appointed in every city and every constituency, and during the clean up they received a commission of 40 cents.

Mr. POULIOT: How many supervisors were appointed?

Mr. DURANLEAU: I do not know that I am able to give that information.

Mr. POULIOT: But you should be able to.

Mr. DURANLEAU: About one hundred and forty, I understand.

Mr. POULIOT: How many in Montreal?

Mr. DURANLEAU: One.

Mr. POULIOT: Who was he?

Mr. DURANLEAU: Mr. Bigonesse.

Mr. POULIOT: What is his first name?

Mr. DURANLEAU: L. J. Bigonesse.

Mr. POULIOT: What is his occupation, trade or profession?

An hon. MEMBER: When was he born?

Mr. DURANLEAU: He is an architect.

Mr. McINTOSH: Are you sure?

Mr. DURANLEAU: He is a good man.

Mr. POULIOT: As he is a good man he is probably receiving high commissions; I want to know how much.

Mr. DURANLEAU: Not very much. He received last fiscal year the same as any other —ten cents.

Mr. POULIOT: The minister should not be reluctant to tell us how much he gets. Did he get ten cents all the time?

Mr. DURANLEAU: Ten cents per licence. I have told the committee many times how many licences were sold in Montreal from September to the end of the fiscal year. There were 11,385 licences sold by canvassers from September to the end of the fiscal year. This means that the supervisor received ten cents per licence, or $1,138.

Mr. POULIOT: And how much did he get on collections besides that?

Mr. DURANLEAU: That is what he got.

Mr. POULIOT: He did not get forty cents?

Mr. DURANLEAU: No, the canvassers got thirty cents.

Mr. POULIOT: So Mr. Bigonesse got $1,100?

Mr. DURANLEAU: He got ten cents on every licence from September to the end of the fiscal year, or $1,138.

Mr. POULIOT: How many supervisors are there in Toronto?

Mr. DURANLEAU: In Toronto there are eight supervisors. There they prefer to have a supervisor in each constituency.

Mr. POULIOT: How is it there was only one in Montreal, a bigger city than Toronto, and so many in Toronto? The member for Parkdale ought to have something to say about that.

Mr. DURANLEAU: Toronto is the only place where they preferred to have a supervisor in each constituency. In all the other cities, Quebec, Vancouver and everywhere else, there was only one supervisor. There was no difference between Montreal and any of the other cities except Toronto.

Mr. POULIOT: Did the supervisor do any work himself for this money which he received?

Mr. DURANLEAU: Of course; he pays a clerk to help him.

Mr. POULIOT: Is he an expensive clerk such as the Clerk of the House of Commons?

Mr. DURANLEAU: He himself is the clerk but he has to have some assistance. It would be impossible to do the work properly in Montreal, collecting from house to house, with only one supervisor and no assistance.

Mr. POULIOT: So that all that the government paid was ten cents to the supervisor and he took care of all other expenses.

Mr. DURANLEAU: The supervisor purchased the licence books, paying sixteen dollars per book of ten licences. The canvassers purchased them from the supervisor, paying seventeen dollars, and the licences were sold at the rate of twenty dollars per book or two dollars per licence. In other words, the department did not lose a cent. Everything was paid in advance and, according to the report of my officials, the work was wonderfully well done.

Mr. POULIOT: I am sure the work was wonderfully well done, but this is the way I look at it. The licence books were worth twenty dollars and they were sold to the supervisor at sixteen dollars; he sold them to the canvassers at seventeen dollars, making a dollar on each one. Why did not the government sell these tickets or licence books direct to the canvassers. They would have saved ten per cent on the licences. The supervisor did nothing; he was nothing more than a go-between. The supervisor simply acted for the government in dealing with the canvassers.

Mr. STANLEY: The supervisor did the financing.

Mr. POULIOT: Will the hon. gentleman say the canvassers were all bankrupt?

Mr. STANLEY: Not necessarily, but the financing was a large contract and the supervisor did it.

Mr. POULIOT: I would suggest to the Prime Minister that he appoint the hon. member for East Calgary Minister of Marine, because he gives illuminating answers to questions addressed to the minister. I thank him for his kind interjection. He knows I like him, but now I am showing how this business was carried on. Here is a man who has the backing of some fellow. He is an architect and he goes to the minister and says, "I want to be appointed supervisor." It is a strange sort of appointment. It reminds me of the sweepstakes bill. The minister says to him, "Buy tickets; if you do so you at once become supervisor." A great title. Well, the man buys tickets. He has a booklet of ten tickets or licences, at two dollars each, or twenty dollars, but all he pays is sixteen dollars.

Mr. DURANLEAU: To-day he pays $18.50.

Mr. POULIOT: The hon. member for East Calgary says that the supervisor is a great financier; he must be, because he got ten per cent without doing anything—a very able man. He goes to the banker and says to him, "I am a friend of the Minister of Marine. You will give me a margin of credit and with that I will buy booklets. I shall now be a supervisor." The banker says, "What is your occupation? Are you an architect?" The man says, "No; I am future supervisor," and then the banker takes off his hat to him and says, "You must be a great man because you enjoy the friendship of the Minister of Marine, and as you know, the friendship of a good and great man is a boon of the gods."

Mr. CHAPLIN: Wonderful, wonderful.

Mr. POULIOT: Pardon me?

Mr. CHAPLIN: I said wonderful.

Mr. POULIOT: I would suggest to the Prime Minister that he appoint the hon. member for Lincoln supervisor for St. Catharines between sessions.

Mr. CHAPLIN: No, you would want a little job like that; that would suit you.

Mr. POULIOT: Well, if I did get a job like that at any rate it would be easy for me to sell some of the tickets to the hon. gentleman, he likes me so much.

Mr. STANLEY: How would you finance it? Would you get me to do it?

[Mr. Pouliot.]

Mr. POULIOT: I don't know. My hon. friend from Lincoln is a rich man and he likes me. However, this is a great business for this architect. There must be a go-between who has some pull and is able to get tickets from the department to sell them to the poor devils who make a little money by selling these licences to the people. But this man sits in his office and does nothing; all he has to do is to sell the tickets.

An hon. MEMBER: That is political interference.

Mr. POULIOT: That is the way these things happen. The minister is a business man, the hon. member for Lincoln is a business man, and the hon. member for East Calgary is a most serious, genial and amiable man, and I do not know why they stand for it. I take this opportunity of denouncing this practice to the Minister of Finance in order that he may stop it. These booklets should be sold to the poor devils who are canvassing at the same price, and then the government would save ten per cent. Previously a booklet containing ten one dollar tickets was sold for $9, and the government was losing only ten per cent. Now the government is losing much more, and it is too bad. I think I offer some very timely suggestions to the minister and there is no reason why these supervisors should be treated any better. I suppose they are given their titles in order that they may get credit at the banks to enable them to buy their booklets. I do not know that that actually happens, but I would not be surprised if it does. Will the minister stop this practice?

Mr. DURANLEAU: In fairness to the supervisors all over Canada I think I should say a word in reply to the hon. member. Since April 1, 1933, the canvassers have been getting only fifteen cents per licence, just the same as the banks and the dealers. The supervisors receive two and one half cents out of that fifteen cents. The department decided that they would deal only with one man in each city. There must be some organization for the collection of these fees. In a city like Montreal we would have from thirty to forty canvassers and there has to be someone to attend to the distribution. The city is divided into districts and a district awarded to a canvasser, and the man in charge of this work gets only two and one half cents per licence. For a book of ten licences he has to pay $18.50 and that book is sold to the canvasser for $18.75. I am told that this system has worked out very well. Last year it was more of a clean-up job. We started in September and the can-

vassers found that they had to go to from ten to fifteen houses before they would find a householder requiring a licence. They received forty cents last year, but this year they will not get more than fifteen cents.

Mr. YOUNG: Why was the commission of the supervisors increased? Previously they were getting 10 per cent and now they are getting 16⅔ per cent.

Mr. DURANLEAU: They are receiving 2½ cents per licence.

Mr. YOUNG: Two and one-half cents out of fifteen; formerly they got one-sixth but now they are getting one-tenth.

Mr. DURANLEAU: Formerly they were getting ten cents and now they are getting 2½ cents per licence.

Mr. VALLANCE: Do the mounted police sell, supervise or canvass in connection with radio licence.

Mr. DURANLEAU: They are empowered to sell licences in the unorganized districts.

Mr. VALLANCE: Was an order not issued by the department last spring to the effect that the mounted police would be the sole selling agents for radio licences in western Canada?

Mr. DURANLEAU: The department never issued such an order.

Mr. VALLANCE: The minister will probably remember that I wrote to the department upon more than one occasion pointing out that the mounted police were not available at all times. I was instrumental in getting permission for some jewellers and two or three other individuals to sell radio licences. Do I understand that the mounted police are not now selling licences?

Mr. DURANLEAU: They are selling them in the unorganized districts.

Mr. VALLANCE: Only in the unorganized districts?

Mr. DURANLEAU: Where there are no vendors, the mounted police are authorized to sell licences.

Mr. VALLANCE: Do the mounted police receive the same commission?

Mr. DURANLEAU: They receive the same commission which is paid into their pension fund.

Mr. MALCOLM: Does the minister intend to continue this system of selling radio licences?

Mr. DURANLEAU: Generally the licences are purchased from a dealer, a post office or a bank, but the opportunity to canvass for licences has been given to men who are out of work.

Mr. MALCOLM: I do not want to delay these estimates but I object to the way in which radio licence fees are collected. It seems to be a haphazard system. As citizens we have understood that if we had a radio receiving set we would have to go to that post office to secure our licence. This was a similar provision to that prevailing in Ontario in the case of motor car licences. However, if we operate a motor car without a licence no one comes around to canvass us and coax us to buy one, we are prosecuted for operating a car without a licence. If the minister proposes to sell licences only through these canvassers, well and good, but I do not think he should continue the present system as well. What do these men do when they go to a house and find that a radio set has been operated for five years? Do they ask to see the licences for the back years? What do they do when they find a man has defrauded the treasury out of licence fees for four or five years? Can nothing be done? The man's neighbour may have bought his licence every year. We should buy our licences as we did previously and be subject to punishment if we operate a set without a licence, or else we should be told that a canvasser will call to collect the licence fees, a record should be kept of receiving sets.

Mr. DURANLEAU: This system has been adopted in an effort to accommodate the people.

Mr. MALCOLM: Why not follow it right through and have it understood that the canvasser will call?

Mr. DURANLEAU: Some citizens prefer to go to the post office to get their licence while others do not want to go to that bother and will ask the canvasser to come back again next year. We try to accommodate everybody by allowing both methods.

Mr. VALLANCE: Suppose I own a receiving set and do not take out a licence and no supervisor comes along, but the mounted police come along and ask to see my licence. When they find I have not got one will they prosecute me or arrest me, or merely sell me a licence?

Mr. DURANLEAU: As a rule a report is made to the minister, and the department deals with the case.

Mr. MALCOLM: What licence fee is charged in England?

Mr. DURANLEAU: $2.50.

Mr. MALCOLM: And in the United States nothing.

Mr. VALLANCE: Does the department prosecute in very many cases?

Mr. DURANLEAU: Not very many.

Mr. VALLANCE: So there is a laxity in the taking out of licences.

Mr. DURANLEAU: If a man says to the canvasser, "I am out of work and cannot pay now," a report is made to the department and orders are given to wait, but if a man says, "I won't take out a licence," I think it is the duty of the department to prosecute, and that is what we do.

Mr. POULIOT: Do the canvassers report to the supervisor or to the department?

Mr. DURANLEAU: We deal with only one man in any city whom we call the supervisor.

Mr. POULIOT: So the canvasser reports to the supervisor, and the supervisor to the minister. Does the supervisor receive a commission on the licences that are sold by the post office?

Mr. DURANLEAU: No.

Mr. VALLANCE: Does the mere possession of a radio set, even if it is not being operated, make one liable?

Mr. DURANLEAU: If the radio is connected up and is in operating condition the owner is liable to payment of the licence fee.

Mr. VALLANCE: That is if it is hooked up. Take an electric radio in the city here; you see the supervisor coming and you pull out the plug, and then when you see him going away down the lane you push the plug in again; is that set considered to be in operation?

Mr. DURANLEAU: In such a case the owner is liable to pay the licence fee. The radio is not in operation when it is down in the cellar, for instance, with all the tubes out.

Mr. POULIOT: Usually there is something else in the cellar.

Mr. MALCOLM: Has the minister come to any decision as to what licence fee he is going to charge a hotel with a thousand rooms?

Mr. DURANLEAU: The matter is under consideration but no decision has been arrived at.

[Mr. Duranleau.]

Mr. MALCOLM: At the present time all they are paying is one licence fee?

Mr. DURANLEAU: Yes.

Mr. POULIOT: When I look at item 140 and then at item 247, I find one is within the border and the other is across the border. Both these items, one dealing with radio service and the other with Canadian radio broadcasting service, should be together. Item 140 is followed by an item to provide for a compassionate allowance to Lawrence Larson, formerly employed as caretaker at the Esquimalt workshop of the radio-telegraph service. Would it not be better, instead of having that item follow item 140 to have item 247 in its place? Then you would have the two radio items together, and both could be discussed together. The Prime Minister made some observations which I did not quite catch because he was speaking in a low tone, but I respectfully offer this suggestion to the hon. Minister of Marine in order that his estimates may be presented in better form to the house. The two items could remain separate, if he wishes, but they should be placed together; there should not be so many other items relating to a wide variety of matters between them. That is most important. I was sitting at the other end of the house just now where the hearing is very bad, and I did not hear all that was being said. I would ask the minister if the matter of improvement in reception conditions is under the control of the radio commission.

Mr. DURANLEAU: No. That matter comes under the Marine department.

Mr. POULIOT: So the radio commission has nothing to do with reception conditions?

Mr. DURANLEAU: Absolutely nothing.

Mr. POULIOT: That is a great mistake, as I shall prove. We have spent millions of dollars in order to have a radio commission, and then when we want to improve reception conditions that is done by the department. I did not catch what my hon. friend from Prince Edward Island (Mr. Myers) interjected. He surely will be Prime Minister one day because he speaks so low; he croons in the house. I would ask the minister if the $280,400 for radio service in item 140 is paid out of the licence fees received from radio listeners.

Mr. DURANLEAU: Yes.

Mr. POULIOT: And does the $1,000,000 for Canadian radio broadcasting service in item 247 also come from the same source?

Mr. DURANLEAU: Yes.

Mr. POULIOT: The two services should be done by one body. I do not see the utility of the radio commission if they cannot improve reception conditions. It is for that they were created.

Mr. DURANLEAU: No, to have better programs.

Mr. POULIOT: But if the programs cannot be listened to, if there is too much static and interference, the programs will not be worth anything. I do not see why we should have this duplication. Why bring in a gentleman from outside as expert on the radio commission when we have Commander Edwards here who knows just as much, if not more, and who would have made an excellent expert on the radio commission? Times are hard, and we talk of economy, but here we have a duplication of service in the radio commission which is absurd; it is nonsense. The country cannot stand for it. The people have to pay twice as large a fee for a radio licence, and why? Because there is this duplication of service. If there was no such duplication the licence fee would be only one dollar, but now it is two, because we have to pay first for one board and then for another board. To improve reception conditions we have the Department of Marine and to improve the programs we have the radio commission. Not a single program has been changed since the radio commission was appointed, and so if the reason for its appointment was the improvement of programs the commission has proved absolutely useless because there has been no change in the programs. I am giving the minister sound advice, as I did to the Prime Minister the other day. I urge him not to stand for this duplication of service.

Mr. MYERS: Why not take a spoonful of advice yourself?

Mr. POULIOT: The hon. gentleman speaks so low that he will surely be Prime Minister one day. He croons. Let him repeat aloud what he said. Evidently it does not interest even himself because he will not repeat it.

Mr. SPEAKMAN: I thought I heard the hon. member say that the problem of perpetual motion had been solved, but probably I was mistaken.

Mr. POULIOT: This is the observation of a statesman. Of course I am not a statesman; I am just a vulgar politician, and I do not belong to the class to which the hon. member belongs. But if the hon. member who speaks so much about economy stands for duplication of services let him say so to his electors, let him say it to the country. I am trying to save money for the government. If the Minister of Marine would listen to my speech he would save the country hundreds of thousands of dollars.

Mr. SPENCE: If you would not talk so much we would save a lot more.

Mr. POULIOT: It costs much more because of the interjections of the hon. member for Parkdale. Hon. members opposite cannot make a constructive suggestion to the government. Those suggestions come from the opposition, because government members are too proud to make them. We make suggestions because we are sincere—

Mr. SPENCE: You do not know what you are talking about.

Mr. POULIOT: There are none so blind as those who won't see, and none so deaf as those who won't hear. So the hon. member from Parkdale is in a class by himself. As the minister has told us that the radio commission was to improve programs, would he be kind enough to tell the committee what programs they have improved.

The CHAIRMAN (Mr. MacDonald, Cape Breton): We are discussing item 140; the radio commission comes under another item.

Mr. POULIOT: I should like to speak about that.

The CHAIRMAN (Mr. MacDonald, Cape Breton): Confine yourself to the item.

Mr. POULIOT: To separate the items concerning radio services is absurd. I am not now discussing the items, but the manner in which they have been placed in the estimates. Mr. Chairman, as you are a most brilliant lawyer you will understand my point better than anybody else, and as well as the minister who is an able lawyer himself. I say that there is duplication of services. Now I am saying that the items concerning radio broadcasting should be put together. Am I in order when I say that?

The CHAIRMAN (Mr. MacDonald, Cape Breton): Yes.

Mr. POULIOT: As you say, sir, I am in order, I am pleased that you have brought the attention of the committee to a most important fact. I ask the minister why Commander Edwards has not been appointed an expert on the radio commission.

Mr. QUINN: You did not nominate him.

Mr. POULIOT: I did not, but I am asking why he has not been appointed.

Mr. QUINN: You did not bring it to their attention.

Mr. POULIOT: He is an expert. Will the minister admit that Commander Edwards is an expert?

Mr. QUINN: You are.

Mr. POULIOT: I am not an expert; I am just a plain citizen asking for information.

Mr. QUINN: I thought you were a clever lawyer.

Mr. POULIOT: I do not pretend to be clever, but I am a lawyer and I am defending a good case. When the minister is surrounded with so many experts I should like to know why I cannot have an answer to my question as to the difference between static and interference. What is the use of having so many experts about him if he does not know the difference? He should have Commander Edwards attached to his department as a personal expert to explain these highly technical matters. Then, what work has been done in connection with the improvement of reception in Ottawa? There are many places where there are awful noises in Ottawa—

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: —on the radio. Conditions have been the same for a long time. What is the cause? Is there some electrical trouble? Would the minister be kind enough to tell us, and will he see that the causes of interference and static disappear? Will he see to it that duplication is eliminated, and that his supervisors and canvassers are selected from soldiers who are out of work? These are the practical suggestions I offer. Would the minister be willing to abolish duplication in his department?

Mr. DURANLEAU: The Prime Minister explained very clearly that there was no duplication in services. If the radio commission took over the administration of the Department of Marine they would take over only the employees in that department who are spread throughout the country attending to interferences and selling licences. My department sells licences, and at the same time our inspectors attend to interferences. As the committee was told this afternoon the very same system is in existence in England. Over there that service is under the administration of the Post Office Department, while in this country we have placed it under the Department of Marine. There is no duplication whatever. Commander Edwards, so well known to my hon. friend, is in charge of the collection of licences, interferences and what we call the improvement of reception conditions.

Mr. BRADETTE: I wish to thank the minister for the statement made this afternoon which holds out hope in northern Ontario for better radio service in the coming year. I was pleased to hear the Prime Minister state that out of the revenues for radio licences about $1,500,000 would be collected, and that expenditures on radio broadcasting, and in the erection of new stations would come out of that special fund. Coming from the Prime Minister those words will be appreciated, because they will clear the atmosphere.

I should like the minister to be a little more explicit as to how expenditures will be made. I have in mind the fact that in the more densely populated centres there is good reception. In the city of Montreal radio reception is good; the same applies to Ottawa, Toronto and Winnipeg. Why does it not apply to the more sparsely populated centres? What I want to bring to the minister's attention is the fact that in our section more money will have to be spent for giving service. We have no station whatever, so that more will have to be spent there this year than in other sections. I hope the minister will see that the expenditures that are proper in these sections will be made. No doubt very little expenditure for transmission of programs will have to be made in the older sections, but as long as there is money left from the ordinary income from radio I hope the minister will see that we receive the service that we are entitled to in northern Ontario.

Mr. DURANLEAU: I cannot add anything to what I said this afternoon on this subject, except that the radio commission is working for a system by which the whole of Canada will be covered. Of course it is important work and cannot be completed in a few days. The commission has been functioning only since last January, and I am sure this committee will realize that within these few months it has done a great deal in that respect. A great many sections of Canada which had no coverage whatever with radio will be served properly within a short time. I know that northern Ontario is being looked after.

Mr. MALCOLM: The minister is no doubt aware of the many complaints that are being published in the papers regarding the wretched reception we are getting in the city of Ottawa and neighbouring districts. This vote is for

the improvement of radio reception. Is this bad reception due to some policy of the new radio broadcasting commission, or can it be corrected by the minister's department under this vote?

Mr. DURANLEAU: I am informed that this trouble is due to power lines in and around Ottawa. We have that trouble in many parts of the country, and we are trying to improve the situation as much as possible.

Mr. MALCOLM: It is a strange thing that the power line trouble should have started just after the radio commission got functioning.

Mr. DURANLEAU: There may be something in the way of changing wave lengths also. It is an experiment, it is temporary; they try a certain wave length for certain stations; it may be changed later on in order to improve the reception. I understand that the radio commission is trying to find the best means of doing away with this interference.

Mr. MALCOLM: I do not want to labour the point, but there is a great deal in what the hon. member for Temiscouata (Mr. Pouliot) said. There was none of this trouble when Commander Edwards had full charge of the situation in Canada. If Commander Edwards has to look after radio reception and improving the service for listeners it seems very strange that there should be this fooling with and changing wave lengths that almost wrecks the reception in the capital from most stations that the people have been listening to in the past. The minister must see the articles in the papers; there was a long one in this evening's Journal. They are becoming very common. The minister would be well advised to put both radio broadcasting and radio reception under the command of someone who is technically expert and able to look after it. He has in his department an officer who is said to be one of the best radio men on this continent, and it seems to me unpardonable that when the commission begins operation, reception should be spoiled through the changing of wave lengths, making it utterly impossible for the department under this vote to correct it. Money is being spent to improve reception, and on the other hand the commission is changing wave lengths and ruining reception. It is really serious, and I think the minister should look into it.

Item agreed to.

Mr. POULIOT: May I ask the minister to take item 247, in order to finish the discussion, if he is agreeable?

Mr. DURANLEAU: I was asked this afternoon to suspend this item until we have more information, perhaps have some of the radio commission here to give the information desired.

Mr. SANDERSON: Yes, Mr. Chairman, that was the understanding this afternoon.

To provide for the maintenance and repair of retaining dams in the St. Lawrence river, $90,000.

Mr. MALCOLM: Will the minister explain the increase?

Mr. DURANLEAU: This appropriation is for the purpose of maintaining in good condition the dams constructed in the years 1929 to 1931 in the St. Lawrence river below Sorel, to retard the flow of the river and thereby maintain a higher level, including Montreal harbour. Some repairs had to be made to these dams. The water made some encroachments on the banks, and repairs had to be made, and will have to be made. It is an absolutely necessary expenditure.

Mr. GARDINER: Where are the dams?

Mr. DURANLEAU: In the Sorel islands.

Mr. GARDINER: Can the minister give any information as to what has been the result of building these dams?

Mr. DURANLEAU: According to Sir Alexander Gibb's report, these dams have increased the depth of the water at Sorel by a foot and a few inches, and at Montreal by five inches.

Mr. GARDINER: Has the department received any complaints that because of these dams the flow of water is more rapid in the main channel than it was previously, and therefore more dangerous?

Mr. DURANLEAU: It has increased the current a little, but not to a great extent.

Mr. GARDINER: Has the department any information in regard to the flow to-day as compared with that of the time prior to the construction of the dams?

Mr. DURANLEAU: I think we have that at the office. But I know from the report of Sir Alexander Gibb that the velocity of the current at the present time is still reasonable. It is not dangerous to navigation.

Mr. GARDINER: Can the minister give the committee any information with regard to the condition of these dams to-day as compared with when they were first put in? Is it not true that these dams are made of rock

ballast? Is it not true that the ice in the spring has moved a good deal of that rock ballast out of place?

Mr. DURANLEAU: I have as yet no report for this spring.

Mr. GARDINER: What was the condition last year?

Mr. DURANLEAU: Last year little breaches were made, but not much. The damage from the water was on the banks. Of course there is settlement of the dams. It takes perhaps two or three years before they are absolutely settled.

Mr. GARDINER: Could the minister give any information in regard to the depth of the top of these dams or dykes below the surface of the water? That is, what amount of water flows over the top of them at the average flow? Do these dams come right up to the top?

Mr. DURANLEAU: Not exactly.

Mr. GARDINER: How far down are they?

Mr. DURANLEAU: I have not a definite statement, but I know they do not come up to the water level.

Mr. GARDINER: How many of these dams have we at the present time?

Mr. DURANLEAU: Five.

Mr. GARDINER: Where are they located?

Mr. DURANLEAU: All in the Sorel islands below Sorel.

Mr. GARDINER: Is there just one main channel left without any dams at all?

Mr. DURANLEAU: No, two. There is only one main channel, the ship channel; there is another channel on the north side of the river.

Item agreed to.

To provide for breaking ice in Thunder bay, lake Superior and other points deemed advisable in the interests of navigation, $44,000.

Mr. VALLANCE: Perhaps the minister might give us a little explanation. Would this include icebreaking in Hudson Bay?

Mr. DURANLEAU: No.

Item agreed to.

Meteorological service, including magnetic observatory, grants of $450 each to Kingston and Montreal observatories, and allowance of $360 to L. F. Gorman, observer at Ottawa, $393,290.

Mr. MACKENZIE (Vancouver): What is the reason for the increase?

[Mr. Gardiner.]

Mr. DURANLEAU: In addition to the vote of last year there is provision for the sum of $6,000 to give effect to the recommendations of the meteorological conference held in Bermuda in 1931. The purpose of this conference was to investigate the meteorological requirements of the naval fleet in the Atlantic and the possibility of liaison in meteorological matters between the fleet and the local meteorological services. In addition provision is also made for necessary meteorological service in connection with the new air mail service which it is proposed to establish between Montreal and the maritime provinces; the total sum is $21,174. Provision is also made to meet the demand for further meteorological assistance in the prairie provinces, arising out of the Winnipeg conference of 1931.

Item agreed to.

Steamboat inspection, $136,808.

Mr. MALCOLM: Would the minister mind telling us, if his officer has the information, what revenue was collected under this vote?

Mr. DURANLEAU: It is self-sustaining.

Item agreed to.

Canadian radio broadcasting service, $1,000,000.

Mr. SANDERSON: If we take up this item it will have to be on the understanding that it will not be passed to-night, because that was the agreement this afternoon.

Mr. DURANLEAU: Very well, but we might have some discussion.

Mr. VALLANCE: The minister stated that he would like to have some members of the commission to assist him. It seems to me that any discussion would be futile unless he had the assistance of that august body.

Mr. DURANLEAU: I secured some information this evening which I can give to the committee with regard to this item. I can give the details now.

Mr. SANDERSON: Then would the minister be good enough to give the full details, which he did not have this afternoon, with regard to salaries, the staff of the commission, and so on.

Mr. DURANLEAU: The amount will be divided as follows: Administration, salaries and expenses, $125,000; purchase of Canadian National Railways radio system, $50,000; new construction in western Canada, $225,000; rental of lines for chain broadcasting,

$200,000; expenditures on programs, including payments of artists, orchestras, royalties and performing rights, $400,000.

Mr. GARDINER: How is the item of salaries made up?

Mr. DURANLEAU: The radio commission is composed of one chairman, one vice-chairman and one commissioner, the total being $23,400.

Mr. SANDERSON: What does the vice-chairman receive?

Mr. DURANLEAU: The chairman receives $10,000 and the vice-chairman $8,000, less ten per cent of course. The engineering branch is composed of five radio engineers and eleven broadcast operators, representing $37,780. The secretary's branch represents $22,500, providing for one secretary, one chief clerk, one file clerk and ten stenographers.

Mr. SANDERSON: What is the secretary's salary?

Mr. DURANLEAU: It is either $3,400 or $3,800. These are proposed expenditures for this year.

Mr. SANDERSON: I do not think the minister has mentioned the publicity member.

Mr. DURANLEAU: That will come as I proceed with the list. In the operations branch there are the following; One director of broadcasting, English; one director of broadcasting, French; one director of education, English; one director of education, French; and three station managers. That represents $27,820. In the public relations branch we have: One director of public relations and one French press representative, $10,500 for the two. In the accounts branch: One accountant, $3,000. This makes a total of $125,000. In this personnel will be found the staff to operate the headquarters of the radio commission in Ottawa, in addition to that required for the operation of such stations as are being taken over from the Canadian National Railways. This also includes the staff at headquarters engaged in planning programs for transmission from coast to coast, together with the necessary technical operators required in the actual broadcasting of these programs.

Mr. SANDERSON: I did not get the salary of the publicity man.

Mr. DURANLEAU: There are two publicity men.

Mr. SANDERSON: That's enough.

Mr. DURANLEAU: The total is $10,500.

Mr. SANDERSON: How is the salary divided between them?

Mr. DURANLEAU: I know that the English public relations man is paid $5,800 less ten per cent, so that the other must get the difference.

Mr. SANDERSON: Why was it necessary to pay such a salary to the publicity man? I understand there are publicity men in the other departments, the Trade and Commerce department, for instance. My information is that the publicity man in the Department of Trade and Commerce does not get nearly so large a salary. Why a publicity man in broadcasting? What does he do? Does he talk over the radio? Is that his function, business or duty? In short, precisely what does he do?

Mr. DURANLEAU: I am told he is a very useful man in the publication of programs and in publicity in connection with the operations of the commission. The position is not a new one; it exists in other countries. He has to get in touch with all the newspapers in Canada, because listeners like to be informed by the newspapers as to what programs are being broadcast. He is the man who attends to that part of the work.

Mr. McINTOSH: Is he sober all the time?

Mr. SANDERSON: I do not think the minister has made it very clear how this publicity man will earn his salary of $5,800 a year. I have always been under the impression that the chairman of the commission was the man who arranged the programs. Somebody said he was a music critic, having followed that line for some years in the newspaper business. Why there should be a publicity man at $5,800 a year I cannot understand. Has the minister any further information in this regard?

Mr. DURANLEAU: I must confess that my exposition of the duties of this employee may not be complete. If my hon. friend is not satisfied with the information I have given I will obtain from the chairman himself a full statement of this official's duties, but I was told by the chairman that the position was absolutely necessary. As I say, it exists in other countries and this man is a very important employee. He is essential to the publicity in connection with the broadcasting of the commission.

Mr. SANDERSON: Will the minister be good enough to get further information from the chairman?

Mr. DURANLEAU: Surely.

Mr. SANDERSON: That brings up another point.

Mr. DURANLEAU: I should not like to leave the committee under the impression that this man was not useful and was not earning his salary.

Sir EUGENE FISET: Dead wood.

Mr. DURANLEAU: As a matter of fact, the man in charge of the job asked a great deal more than that.

Mr. MALCOLM: Lots of them do.

Mr. DURANLEAU: The salary was fixed by order in council and we came to the conclusion that $5,800 less ten per cent was a fair remuneration for the position.

Mr. SANDERSON: I agree with the minister that it is a fairly good salary these days, $5,800. In the selection of the staff, or in the arrangement as to what they were to be paid, was the minister consulted by the chairman of the commission? That raises the whole point again. It does appear to me that there is overlapping between the department under the minister and the commission under the chairman, and while we have endeavoured, not once but many times, to get from the minister some information as to who really is in charge. we have not succeeded. Is he over the chairman or is the chairman over him, or do they work together? There must be one head. If there is any conflict between the minister and the chairman of the commission there is bound to be trouble all the time. I would not like to think that the chairman was over the minister. I feel that a minister of the crown should have absolute control over a public servant. No matter how eminent a man this chairman may be, no matter what he did before he got into this work, he is a public servant and should be responsible to the minister who in turn is responsible to parliament for everything done in connection with the work.

Mr. DURANLEAU: As I told the committee this afternoon, the act gives full powers to the commission in connection with the allocation of stations, the power of stations, wave lengths and so on. I do not think it is the duty of the minister to interfere with the commission in that respect.

Mr. SANDERSON: Subject always to the approval of the minister. This afternoon the minister said that he had issued instructions to the commission, I think in connection with the Windsor station. If he issued instructions to the commission, he must consider that he has control over the commission and that they are responsible to him.

Mr. DURANLEAU: There must be a misunderstanding about that statement in connection with the Windsor station; I did not issue instructions.

Mr. SANDERSON: I think the minister said that he issued instructions that they keep their eyes on the station.

Mr. DURANLEAU: I may have expressed the desire that they do so but I cannot give any orders where the act gives them absolute powers.

Mr. SANDERSON: It is a very humiliating position for a minister not to have control over a commission which is practically in his department and which spends a vast amount of money.

Mr. DURANLEAU: The act was adopted by the house with only one dissenting vote.

Progress reported.

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

Monday, April 24, 1933

The house met at three o'clock.

GRAIN COMMISSION REPORT

Hon. H. H. STEVENS (Minister of Trade and Commerce): Mr. Speaker, I desire to lay on the table of the house the annual report of the Board of Grain Commissioners for Canada. It will be recalled that a few days ago I laid an unrevised report on the table. It has now been completely revised by the board of grain commissioners, and is submitted herewith.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I desire to lay on the table of the house a number of orders in council passed pursuant to relief legislation.

PETITION

Mr. A. W. NEILL (Comox-Alberni): Mr. Speaker, I desire to present a petition to the house. In connection with my presentation I adhere to the rules laid down in standing order 68 which require me to give information as follows, first, to state the parties from whom it comes. My reply is that it comes from citizens in the province of British Columbia. Then, secondly, the number of signatures attached. There are approximately 1,400, but I am advised several hundred have not yet

been received. Then, thirdly, I am to state the material allegations contained therein. Those can be briefly stated as follows: In February, 1932, the Dominion government changed certain regulations under the Old Age Pensions Act. One of those changed regulations has enabled the provincial board in British Columbia, who administer old age pensions in that province, to claim that they have the right to refuse a pension to anyone who, under the provisions of the Parents Maintenance Act of British Columbia, has not sued his children. The petitioners claim that such a condition is undesirable for three reasons: First, it is unnatural; secondly, it is utterly useless, because often the children are not able even to support themselves and, thirdly, there is no money with which old age pension applicants can sue their children.

Then. the prayer of the petition is as follows:

Therefore your petitioners respectfully urge that the said amendment shall be repealed immediately.

In justice to these people I should add that the petition is an entirely spontaneous expression of their own. I had nothing to do with the instigation of it, although I heartily agree with it.

PENSION ACT AMENDMENT

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister): On Friday last the house agreed to refer Bill No. 78 to amend the Pension Act, to a special committee, with power to report from time to time. The personnel of that committee has been arranged by the whips, and I therefore now move, seconded by the Minister of Finance (Mr. Rhodes):

That the committee be composed of Messrs. Arthurs, Beaubier, Gagnon, Geary, Mackenzie (Vancouver Centre), Power, Ralston, Ross, Sanderson, Smith (Cumberland), Speakman and Stewart (Lethbridge), and that the committee be given power to report to this house from time to time.

Mr. C. G. POWER (Quebec South): My name appears on the list without authority. I now ask that it be not placed thereon.

Sir GEORGE PERLEY: Mr. Speaker, I was told that the list had been arranged between the whips. However we can substitute another name to-morrow, if the hon. member wishes.

Motion agreed to.

SOLDIERS' PENSIONS

On the orders of the day:

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I should like to ask the Minister of Finance if he has any announcement to make in regard to the provision in the budget address dealing with pensions?

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, I rose at the same time as the hon. member for the purpose of making the announcement to which he has referred. With respect to the announcement contained in the budget regarding pensioners, who are in the employ of the government, it will be recalled that on March 24, last I made a statement which reads, in part, as follows:

Perhaps in this connection, however, I might be permitted to say one word, as there would appear to be some considerable misapprehension with regard to what is in the mind of the government in respect to pensions. The last thing in the world that we had in mind was any interference with the sanctity of the contract concerning pensions. Whatever merit there may or may not be attached to the suggestions contained in the budget speech with respect to pensions, it was never intended to interfere with pensions as such.

This will be found at page 3354 of Hansard. I may add further that it was never at any time contemplated that there should be any discrimination shown towards the returned soldier, especially as contrasted with what may be termed the civilian employee. On the contrary the whole proposal emanated from a desire to afford, during this period of distress, an opportunity to the returned soldier who served his country faithfully, but who, at the moment, finds himself, through no fault of his own, without either pension or employment, as contrasted with some of his comrades who, at the moment, receive a pension, and at the same time are given employment with the full salary attached to the position. To this course objection has been taken by representatives of the several returned soldier organizations upon two main grounds: First, that it would in effect, result in a violation of agreement or contract; and, secondly, would be taken as an example by other employers with detrimental results.

The whole position has been the subject of careful review at two conferences, the first held on March 24, and the second on April 19. At these conferences, the following were present, representing their respective organizations:

Major John S. Roper, M.C., K.C., President, Canadian Legion, British Empire Service League; Mr. J. R. Bowler, Canadian Legion, British Empire Service League; Mr. Richard Hale, representing Tuberculous Reference Section, Canadian Legion; Colonel W. C. H. Wood, Captain C. P. Gilman, Doctor P. B. Mellon, representing Army and Navy Veterans in Canada; Mr. Frank G. J. McDonagh,

representing Canadian Pensioners' Association of the Great War; Captain (Reverend) Sydney E. Lambert, Dominion President of the Amputations Association of the Great War; Captain E. A. Baker, M.C., representing the Sir Arthur Pearson Club of Blinded Soldiers and Sailors; Mr. Richard Myers, representing Amputations Association of the Great War.

After full discussion it was agreed that there would, for the present, be no interference with the existing procedure, but it was agreed:

1. That any consideration of a general readjustment of the rate of pensions should be postponed until the next session of parliament.

2. That an amendment shall be made to the Income War Tax Act providing that pensions shall be subject to income tax.

3. That on and after May 1, 1933, there are to be no additions of dependents to the list of those who are eligible, or who may become eligible for pensions.

I desire further to announce that, as a result of extreme care in reviewing existing pensions, it is believed that while affording full protection to those who are justly entitled to pension, certain irregularities which have arisen through misrepresentation, whether fraudulent or otherwise, on the part of certain applicants will be remedied, and that this course will effect a substantial saving for the treasury.

In conclusion may I express on behalf of the government our appreciation for the generous cooperation we have received from the representatives of the above-named service organizations, and for the fair and reasonable manner in which they carried on their discussions and made their representations on behalf of the members of their several organizations.

UNEMPLOYMENT CAMP—VALCARTIER

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, I see in the Montreal Gazette a statement that the unemployed who are being sent to Valcartier camp are being selected by my genial friends the hon. member for St. Antoine (Mr. Bell), the hon. member for St. Ann (Mr. Sullivan), and the hon. member for Jacques Cartier (Mr. Laurin). I would like to ask my right hon. friend whether it is the policy of the government to give the privilege of selection to members of parliament, and whether it is exclusively given to members sitting on the other side of the house?

[Mr. Rhodes.]

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister): Mr. Speaker, I may say that the hon. gentleman may be quite sure we will select very good men in any case. But I am personally not able to answer his question. The Minister of National Defence (Mr. Sutherland) is not here to-day but I expect he will be to-morrow.

MAJOR-GENERAL McNAUGHTON

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I intended to direct a question to the Minister of National Defence (Mr. Sutherland) but he is not in his seat. I therefore direct my question to the right hon. acting leader of the government (Sir George Perley). There has been a rumour in the press, or news to the effect that Major-General McNaughton, chief of staff, national defence, has had an increase in salary from $8,000 to $10,000 a year, and it was made retroactive to the first of January last. Is that report correct?

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister): I would ask my hon. friend to put a question of that kind on the order paper.

DOMINION NOTES

ORDER IN COUNCIL SUSPENDING REDEMPTION IN GOLD

On the orders of the day:

Mr. G. G. COOTE (Macleod): I would like to ask the hon. Minister of Finance (Mr. Rhodes) whether an order in council has been passed suspending the redemption of dominion notes in gold, under authority of Bill No. 54 which was passed recently; and if so, could he give us the date, and would he lay the order in council on the table.

Hon. E. N. RHODES (Minister of Finance): The answer is in the affirmative. At the moment I am not in a position to give the exact date, but I will be able to lay the order in council on the table to-morrow.

PRIVATE BILLS

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

The house resumed from Tuesday, April 11, consideration in committee of Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray.—Mr. LaVergne in the chair.

Sir GEORGE PERLEY: Mr. Chairman, hon. gentlemen will remember that when this bill was brought up a week or so ago the Prime Minister suggested that there ought to be some changes in, I think, two of the clauses. The time the bill was up last I think the hon. member in whose name it stands did not happen to be present in the house; suggestions for these amendments were handed to the Prime Minister but they did not meet with his approval. He had not time to consult with the sponsor of the bill regarding them.

I suggest that in the end it will not interfere with the passage of the bill if the hon. gentleman will be kind enough to allow it to stand until the Prime Minister's return, when he will be glad to discuss with the hon. gentleman the wording of the amendments, which they both agreed should be made.

Mr. GRAY: I have no desire to press the passage of this bill in the absence of the Prime Minister. But I am advised by the solicitor for the company that the amendments to sections 19 and 22 were submitted to the Prime Minister during the past week and I certainly understood that the Prime Minister had approved of them. I accept the statement of the right hon. gentleman who is leading the government (Sir George Perley) that that is not the case, and in view of the interest that the Prime Minister has taken in the bill I am prepared to allow it to stand provided the bill keeps its status.

Sir GEORGE PERLEY: It will keep its status.

Progress reported.

VANCOUVER, VICTORIA AND EASTERN-NORTHERN PACIFIC AGREEMENT

The house resumed from Friday, April 21, consideration in committee of Bill No. 48, to confirm an agreement between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company—Mr. McDade.—Mr. LaVergne in the chair.

Progress reported.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

MR. JOHNNY EMOND—RIVIERE DU LOUP, QUEBEC

Mr. POULIOT:

1. Was Mr. Johnny Emond, of Riviere du Loup, employed as deputy returning officer, poll clerk, poll constable or enumerator in the town of Riviere du Loup, electoral district of Témiscouata, Quebec, at the general elections of 1926?

2. If so, what sum did the government pay him?

Mr. CAHAN:

1. No.

2. Answered by No. 1.

QUESTION PASSED AS ORDER FOR RETURN

MR. GUSTAVE MONETTE

Mr. DUBOIS:

1. In respect of how many cases did the government retain the services of Mr. Gustave Monette, of Moutreal, as a barrister, since the month of August, 1930?

2. What is the total amount of fees paid to him by each department since that date?

MOTIONS FOR PAPERS

SEIZURE ILLICIT LIQUOR—T. LANDRY

Mr. MARCIL:

For a copy of all correspondence, reports and other documents bearing on the seizure of illicit liquor, alleged to have been found and seized on the property of Theodore Landry, of Miguasha West, county of Bonaventure, Quebec.

SHIPPIGAN, N.B.—SUB-COLLECTOR OF CUSTOMS

Mr. DUFF:

For a copy of all correspondence with the Department of National Revenue, the Civil Service Commission and the Minister of National Revenue or any official of the department, in connection with the appointment of a sub-collector of customs at the out-port of Shippigan, New Brunswick.

Mr. CAHAN: I would ask the hon. member to fix a date, so that we can know what sub-collector is meant. Since 1930, 1931, or 1932?

Mr. DUFF: The year 1930.

Motion as amended agreed to.

PORT DANIEL, QUE.—POSTMASTER

Mr. MARCIL:

For a copy of all correspondence, reports and other documents, concerning the removal of George Prince as postmaster of Port Daniel West, Bonaventure county, and the appointment of Mrs. Ramier in his stead.

RADIO BROADCASTING

APPROVAL OF PURCHASE OF CANADIAN NATIONAL RAILWAYS BROADCASTING STATIONS

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister): By leave of the house, Mr. Speaker, I should like to alter the wording of the resolution concerning the radio broadcasting commission, which appears under government notices of motion. I have been

informed that it might be made a little clearer, since this resolution is presented under section 9 of the Radio Broadcasting Act. I would ask that the resolution be altered to read:

Resolved that, pursuant to the provisions of the Canadian Radio Act, 1932, the House of Commons hereby approves the purchase of the radio broadcasting stations and equipment of the Canadian National Railways by the Canadian Radio Broadcasting Commission for the sum of $50,000.

If that alteration is accepted I will move the resolution to-morrow. I understand that this requires previous notice, so I give notice now that to-morrow I propose to move this resolution.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): As I understand my right hon. friend's motion it relates largely to procedure and does not affect the substance of the resolution. If that is the case I think it will be acceptable.

COMPANIES AND CREDITORS

BILL TO FACILITATE COMPROMISES AND ARRANGEMENTS IN CASES OF INSOLVENCY

Hon. C. H. CAHAN (Secretary of State) moved the second reading of Bill No. 77, to facilitate compromises and arrangements between companies and their creditors.

Hon. ERNEST LAPOINTE (Quebec East): This seems rather an important bill, Mr. Speaker; my hon. friend introduced it towards the end of last week and it was only distributed at the end of the week. I do not think hon. members have had an opportunity to consider it as it should be considered, so I would ask my hon. friend to give us a couple of days to look over the bill.

Mr. CAHAN: I have no objection to allowing the bill to stand, but inasmuch as the principle of the bill is very simple indeed, and I explained it on the introduction of the bill, I was going to suggest that perhaps the house would give second reading and go into committee on the bill. The first section then could be read and I would allow the bill to remain in committee so that members of the house who wished to suggest amendments might have an opportunity of considering them.

Mr. R. B. HANSON (York-Sunbury): I should like to make a suggestion to the minister. This is really a very important bill, and I think those of us who belong to the legal profession will be in accord with the principle. But like my hon. friend from Quebec East (Mr. Lapointe) I may say that I struggled to obtain a copy of this bill and only succeeded in obtaining a copy from the distribution office at noon on Saturday. I would suggest that the bill go to the banking and commerce committee for consideration and report to the house, and then hon. members would have ample time to study the bill much better than could be done in committee of the whole.

Mr. CAHAN: If the principle of the bill is once adopted it simply becomes a question of the verbiage in the different sections. If the bill goes to a committee I think it should go to a special committee of say seven members, but the government felt that all members of the house should have an opportunity of expressing their opinions with regard to this bill if they so desired, and since there is not much doubt as to the principle of the bill being favourably accepted by this house the government thought it might be given second reading. Then it might go to committee of the whole, where one section might be read, after which the committee might report progress. In the meantime, since this is a government measure, the government would be very glad indeed if any hon. members who have suggestions with regard to amendments would send those amendments to me so that I might take them up with the law officers of the crown. In that way I think the progress of the bill would be facilitated.

Mr. HANSON (York-Sunbury): I do not know that I have the right to speak again, but I should like to remind the minister that ever since I have been a member of this house I have been on the banking and commerce committee, and there never has been a bill or amendment of any kind relating to company law that has not been referred to that committee. I see no reason, with all due respect, why there should be any exception with reference to this bill, and I am pressing the suggestion I made a moment ago.

Mr. LAPOINTE: I should like to support the request of the hon. member for York-Sunbury (Mr. Hanson); I think this is a very important bill, and I believe it has been the practice in the past that bills of this kind should be considered by the banking and commerce committee.

Mr. G. G. COOTE (Macleod): I should like to suggest to the Secretary of State (Mr Cahan) that this bill be sent to the banking and commerce committee, who are now carrying on an investigation into the whole question of debts and interest, concerning not only public bodies but private corporations and individuals as well. It seems to me that this

bill deals with those very matters, so I think it should be sent to that committee.

Mr. CAHAN: If that is the general opinion of the house, Mr. Speaker, I have no objection to moving that the bill be referred to the committee on banking and commerce after it has been given second reading. My own opinion was that a bill of this kind would receive more efficient treatment if it were dealt with by a select committee.

Mr. LAPOINTE: That is a reflection on the banking and commerce committee.

Mr. CAHAN: No, I do not think it is a reflection on that committee; it simply means that a bill of this kind involves matters of procedure only once its principle is adopted.

Motion agreed to, bill read the second time and referred to the select standing committee on banking and commerce.

SUPPLY

DEPARTMENT OF THE INTERIOR

The house in committee of supply, Mr. MacDonald (Cape Breton South) in the chair.

Interior—salaries, $607,639.50; contingencies, $25,000.

Mr. DUFF: I noticed in the newspapers a few days ago that the officials in one branch of the Interior department had not been paid since some time in March. Will the minister be good enough to tell the committee whether the officials of his department are receiving their salaries regularly like those of other departments.

Hon. T. G. MURPHY (Minister of the Interior): The branch of the department to which I think the hon. gentleman refers is the national development bureau, the officials of which did not receive their cheques on the 15th of this month. When the main estimates were being considered certain reorganization in the department was under review and therefore no item was put in those estimates for that branch of the department, the intention being to include the necessary amount in the supplementary estimates. That explains the non-payment of salaries on the 15th.

Mr. DUFF: Does that mean that they will not get their cheques until the supplementary estimates are voted?

Mr. MURPHY: I should amplify my statement by saying that those employees of that branch who were paid from the civil government vote received their cheques, but those salaries that were charged direct to the vote itself were not paid. Those officials will not receive their cheques until the supplementary estimates have been considered.

Item agreed to.

International boundary commission—expenses connected with the maintenance in a state of effective demarcation of the international boundary, $37,000.

Mr. MACKENZIE (Vancouver): What is the increase for?

Mr. MURPHY: In order properly to answer the question I might read the following statement to the committee:

The treaty of February 24, 1925, made the international boundary commissioners responsible for the permanent maintenance in a state of effective demarcation of the entire international boundary between Canada and the United States and between Canada and Alaska, including that section of the boundary through the St. Lawrence river and great lakes.

Since 1925 the commission has made surveys necessary for locating and marking the boundary at a number of points on the St. Lawrence, Niagara, Detroit and St. Clair rivers. Necessary repairs to a number of reference monuments and the erection and location of others to replace several monuments washed out or otherwise destroyed are to be undertaken in the near future.

That gives a brief resume of the work of the international boundary commission. We are under obligation by these treaties to keep up our work comparably with that carried on by the United States. We are now slightly behind in our program and the extra amount asked for is to enable us to bring our work up to their level.

Mr. REID: May I ask the minister to consider the necessity of marking a boundary between the United States and Canada in the district I have the honour to represent, namely, in the Semiahmoo bay, which is about ten and a half or eleven miles wide. There is no distinguishing mark across the whole length of the bay, with the result that difficulties have arisen in the past in connection with fishing rights. The American fishing concerns have placed traps so close to the Canadian boundary that there have been doubts as to whether they were in Canadian or American waters. I appealed to the Minister of Fisheries and he was good enough to say that he was in favour of some distinguishing mark being placed there. I plead now with the Minister of the Interior. There has never been a mark in that bay and it is impossible to tell, standing on the shore, whether a fish trap is in Canadian or in American waters. Will the minister take the matter under advisement with a view to having a mark placed?

Mr. MURPHY: I shall be glad to bring the matter to the attention of the international boundary commission, who, I feel sure, will give it their utmost consideration, as I will give it mine.

Item agreed to.

Salaries and expenses connected with the administration of the Northwest Territories Act and Ordinances, Northwest Game Act and regulations, Eskimo affairs, Wood Buffalo Park, reindeer industry, game preserves and sanctuaries, wolf and coyote bounties, exploration, investigation and development of natural resources, fire protection, construction and maintenance of buildings, schools, hospitals and roads, relief to destitute, maintenance and transportation of prisoners and insane patients, equipment and supplies, contingencies, etc., $218,000.

Mr. HEENAN: I have no doubt the minister will recall the controversy in connection with the regulation of Norman dam at the outlet of the lake of the Woods, where some settlers were flooded out below the dam, in consequence of which a recommendation was made by the international joint commission that compensation should be given to all who had suffered damage. Before the former government went out of power the house voted $25,000 for the purpose of opening negotiations with the settlers. I understand that inasmuch as the provincial government of Ontario is interested, the minister has shifted the controversy to that quarter. I would point out that the settlers on the north side of the Winnipeg river are now being flooded for the third time within the last few years. They have small gardens and farms, and what is even more important the only way they have of crossing to the mainland is over the ice in winter and by canoe or boat in summer. Owing to the rise and fall of the Winnipeg river as a result of the regulation of the waters, it is dangerous for the children to make their way to school, consequently they are isolated. In view of that I wonder if the minister will take this matter up again with the Ontario government in order to have a settlement arrived at as early as possible.

Mr. MURPHY: This matter has been brought to my attention on previous occasions and it is one with which the province of Manitoba, the province of Ontario and the Dominion of Canada are concerned. It is a matter of deciding if there is responsibility and where that responsibility lies. This question has not been determined as yet and until it is finally settled the matter cannot be dealt with. However, the discussions are proceeding.

Item agreed to.

[Mr. Reid.]

Dominion lands, parks, etc.—dominion lands, seed grain, mining lands and ordnance, admiralty and public lands, salaries and expenses, etc., $90,600.

Mr. VALLANCE: Is it the intention of the minister to carry on the camps which have been performing a very necessary work in the national parks? Is it his intention to ask the Department of Labour which has been in charge of these camps to continue them this summer?

Mr. MURPHY: The hon. member is in error in saying that this work is being carried on by the Department of Labour; it is carried on by the Department of the Interior under the National Parks branch. It is the intention of the department to continue with this work.

Mr. MACKENZIE (Vancouver): What progress is being made with the Big Bend road in British Columbia?

Mr. MURPHY: I do not know that I can give the actual number of miles constructed last year but I can state that the work was carried forward very considerably, in fact I think it was the largest single item of work undertaken last year. I think we are within some twenty-five or thirty miles of Canoe river, which will be the end of the work as far as the Dominion government is concerned.

Mr. BROWN: Is the minister giving any further consideration to the representations made regarding the boundaries of Riding Mountain park? It will be recalled that this matter was brought up last year and that requests have been made that the western end of the park should be excluded from the park proper.

Mr. MURPHY: Consideration has been given to the matter of deleting certain areas from the Riding Mountain national park. Correspondence has been had during the year with the provincial government but no definite conclusion has been arrived at as yet.

Mr. STEWART (Edmonton): What progress was made by the British Columbia government last summer in its share of the construction of the Big Bend road?

Mr. MURPHY: This work was carried on by the provincial government to a limited extent on the western section but I understand it is to be prosecuted this year with greater vigour as a relief scheme.

Mr. REID: Is any of the tree seed extracted by the extracting plants used in Canada?

Mr. MURPHY: A very small amount is utilized in Canada, the greater amount being sent to Great Britain and New Zealand.

Mr. REID: I submit that more of this seed should be used in this country. Before long there will be very few coniferous trees left and I see no reason why we should supply other countries. Will the minister take note of this matter and see if more seed cannot be used in our national parks and elsewhere throughout Canada. I think it could be distributed as an unemployment measure. We should not allow our natural resources in the way of timber to be depleted.

Mr. MURPHY: For the information of the hon. member I might say that the seed sent to the various parts of the empire is sent on a repayment basis; that is, the countries pay for the seed they get. There is nothing to prevent a greater utilization of this seed in Canada but I might state that the Department of the Interior is more concerned in conserving the present stands of timber than in reforestation work. It is much cheaper to save the trees than to reforest.

Mr. MACKENZIE (Vancouver): Has the minister received any further representations in connection with the Garibaldi park in British Columbia?

Mr. MURPHY: An offer was made by the British Columbia government.

Mr. STEWART (Edmonton): Has there been any progress made in connection with taking over the Mount Robson area for the Jasper national park?

Mr. MURPHY: No further progress has been made.

Mr. STEWART (Edmonton): What progress was made last year on the Lake Louise-Jasper highway, and how much money was spent as a relief measure?

Mr. MARCIL: While that is being looked up, could the minister tell the committee the total reduction which has taken place in the estimates for his department? I understand a large number of officials have been transferred and considerable of the work of the department has been transferred to other departments.

Mr. MURPHY: The amounts appropriated by parliament during the years named, were as follows:

Fiscal year	Amount
1929-30	$8,899,071 33
1930-31	8,672,555 00
1931-32	4,895,109 00
1932-33	3,599,866 00

The salaries and the number of employees for those years were as follows:

Year	Number of employees	Salaries
1929-30	2,371	$4,317,020 58
1930-31	2,305	4,271,852 02
1931-32	1,348	2,765,965 96
1932-33	1,067	1,246,243 09

The last figure is for the period from April 1 to October 31, 1932, inclusive.

Mr. MACKENZIE (Vancouver): Does the minister expect to complete his portion of the Big Bend highway this year?

Mr. MURPHY: Nothing has been included in the main estimates for the completion of that work this year, but it is anticipated that the work will be proceeded with under unemployment relief.

Mr. MACKENZIE (Vancouver): What action is the minister taking upon the offer of the British Columbia government with regard to Garibaldi park?

Mr. MURPHY: It has been decided that at the present time the Dominion government will not add to the number of national parks in British Columbia.

Mr. COOTE: Were all these items lumped together under this estimate last year or is this a new procedure? We have here about ten different items all gathered together under one number.

Mr. MURPHY: I really think the hon. member is in error. The votes and the numbers are in the same order as they have appeared in the estimates in other years.

Mr. COOTE: I was just asking for information. I did not say that they were not.

Mr. MURPHY: I beg the hon. member's pardon.

Mr. COOTE: It seems to me that this is a different procedure from that adopted in most departments and it is a very poor one because many of these branches are liable to be overlooked. Would the minister give us some information regarding the third item in this appropriation?

Advancement of forest conservation; national inventory of forest resources; investigation of forest conditions and rates of growth—

And so on, amounting to $266,000. What work was done in connection with advancement of forest conservation?

Mr. MURPHY: This item is to cover the contribution by the dominion for the advancement of forestry in Canada. At the present time we have three laboratories, one situated at Vancouver, carrying on experimental work

with British Columbia woods, one located in Montreal where the possibilities of the pulp and paper industry are being scientifically investigated, and our general laboratory at Ottawa where work of a more general nature is undertaken. Valuable assistance is also given in preparing information that will assist the industry in marketing Canadian forest products. In addition to that the Forestry branch, in cooperation with the various provinces, is endeavouring to make an inventory of the forest resources of the dominion. The information is supplied to the greater extent by the provinces and is compiled by the department at Ottawa. Besides that, scientific investigations are carried on by the department in the field as to the rates of growth of timber, forest protection, fire hazard research, timber land management, the study of wood lots on farms for the assistance of the farming community generally, and various other scientific studies. That, briefly, constitutes the duties and responsibilities of the Forestry branch of the department at the present time.

Mr. COOTE: Is the Forestry branch still operating the forestry farm at Indian Head and are any trees being distributed by the department?

Mr. MURPHY: Those stations were transferred two years ago to the Department of Agriculture, but the work is being carried on, I understand, by that department and trees distributed throughout the three prairie provinces by the stations at Indian Head and Sutherland.

Mr. SPEAKMAN: I assume the work in connection with taking a national inventory of forest resources is proceeding? What progress is being made and what is the result so far?

Mr. MURPHY: We have in the various provinces our own officers who are working in cooperation with the provincial forestry departments in laying down certain standard methods of procedure. As the information is supplied almost entirely by officials of the provincial governments, our branch compiles the figures as they are submitted to them by the provinces. In some cases assistance is given by the various large companies who may have holdings in the different provinces.

Mr. SPEAKMAN: What progress has been made? Has the branch a fairly good idea now of the extent of our resources or is the work only partly done?

Mr. MURPHY: A good deal remains to be done. The work has not been carried on for any great length of time and therefore I anticipate it will be some years yet before it is completed.

Mr. ELLIOTT: If I understood the minister correctly, the salaries which he gave for the last year were up to October 31. What were the salaries to the end of the fiscal year?

Mr. MURPHY: I am sorry I do not appear to have those figures, but I shall endeavour to get them for my hon. friend.

Mr. ELLIOTT: I shall be glad if the minister will do so, because the fiscal year ended last month and the figures should be in.

Mr. STEWART (Edmonton): Has the minister been able to find the mileage and the cost in connection with the Louise-Jasper highway?

Mr. MURPHY: The following figures show the values:

50 miles of reconnaissance survey..	$ 1,000 00
21·5 acres of clearing..	2,150 00
95·2 acres of grubbing..	14,280 00
27·9 miles of grading..	195,300 00
24 miles of surfacing..	16,800 00
58,000 feet of timber in bridges..	3,486 00
62·7 cubic yards of concrete in bridges..	940 50
285 lineal feet of piling in bridges.	570 00
	$ 234,526 50

Mr. STEWART (Edmonton): Are those the expenditures from relief moneys during the past year? What is the total amount expended on the road, up-to-date?

Mr. MURPHY: The figures I have just quoted showed the values of the work done. The total expenditures for the year 1932 amounted to $235,294.

Mr. STEWART (Edmonton): Was there not some work done in 1931, or is that the total expenditure?

Mr. MURPHY: That is the total expenditure for 1932; the work commenced in 1931.

Mr. STEWART (Edmonton): Did I understand the minister to say about twenty-five miles had been constructed?

Mr. MURPHY: About thirty-five miles have been constructed, including some mileage which has not been completely surfaced.

Mr. STEWART (Edmonton): During the past year has there been any expenditure on the extension of the highway from Jasper westward, towards Redwater junction?

Mr. MURPHY: Not under the relief program.

Mr. STEWART (Edmonton): Was there any expenditure from the parks appropriation? I am not asking for the exact figures.

Mr. MURPHY: My information is that there were no funds expended from that during the past year.

Mr. MARCIL: Would the minister give us the names of the branches which have been taken away from the Department of the Interior since the present administration took office, and whether it is contemplated to take away any more from that department?

Mr. MURPHY: There have been certain amalgamations within the department, but no branch has been done away with. Certain portions of different branches have been given to other departments. A moment ago I instanced the nursery stations at Indian Head and Sutherland, which were transferred to the Department of Agriculture. Formerly they were under the control of the Forestry branch of the Department of the Interior. No branches, as such, have been taken over by other departments.

Mr. MARCIL: Have they been taken over by the provinces?

Mr. MURPHY: No.

Mr. MARCIL: The expenditures in the department have been reduced to one-third of what they were previously. How is that reduction explained? Surely there must have been a great deal of work taken away from the department?

Mr. MURPHY: On account of the transfer of natural resources to the three prairie provinces, a great deal of work was eliminated. Those provinces are now doing part of the work which was formerly done by the Department of the Interior. However the branches which formerly administered the natural resources are carrying on with a much reduced program.

Mr. MARCIL: How many officials were dismissed, as a result of that change?

Mr. MURPHY: There were 1,087 retired as a result of the transfer of resources.

Mr. MARCIL: Have any of those been taken back into the service, and any compensation given to them—retiring allowance, or anything of that nature?

Mr. MURPHY: All those who were retired received retiring allowance or superannuation, as the case might be. Those employees who were retired from the Department of the Interior, owing to transfer of resources, have been and are being absorbed into the service of various other branches of the government. In fact there is an order in council in existence which directs the Civil Service Commission to follow that procedure in cases where the employees have the qualifications necessary to fill the vacancies as they occur.

Mr. MARCIL: Will the minister say how many are still out, or how many have been taken back?

Mr. MURPHY: Yes. Of the number retired, 137 are now employed temporarily in other branches. In addition to that 256 permanent employees and 22 temporary employees have been taken over by the three provinces.

Mr. MARCIL: There are about 500 still out of employment?

Mr. MURPHY: Some of the employees are not anxious to be reemployed in the service. They prefer to take their superannuations and retire permanently. The others are being absorbed in the other departments as rapidly as conditions permit.

Mr. MARCIL: Is it contemplated to transfer any branches of the department to other departments, as has been done in the past? There was a time when the Department of the Interior covered the whole of the problems in the western country, but as time went on control over immigration, mines and other activities was transferred. I should like to know whether there is still any need for the existence of a Department of the Interior, and whether any heed is going to be taken to the requests, made by business men in different sections of Canada, concerning the curtailment of the number of departments? Can the minister tell us whether there is any movement in that direction?

Mr. MURPHY: Not to my knowledge, Mr. Chairman.

Mr. STEWART (Edmonton): I should like to bring to the attention of the minister a few things that have been on my mind in connection with national parks. I should like to see the minister complete that agreement with the British Columbia government for the inclusion of Mount Robson park. I think that while the government of British Columbia are in a mood to do so that agreement should be proceeded with and completed.

The other matter is this. While I would be the last one to complain about expenditure on the new highway from Jasper to Lake Louise, nevertheless I think that for the sake of having a trans-Canada highway through

the mountains to the coast it would have been well to continue the expenditure on that project even to the extent of helping the British Columbia government. But more particularly would I stress the point that, having obtained the area known as Mount Robson park, the money should be expended to build a highway from Jasper westward to connect with the highway that will be constructed around the Columbia river. I am not raising any objection to the expenditure on the highway across the summit, but at the same time it hardly seems wise to build a highway across the summit and let remain in abeyance the completion of a highway via Edmonton and Jasper connecting with the southern highway that will connect Vancouver with Calgary, Banff and Lake Louise. I merely plead for the prosecution of those highways which will serve all the public. It will be very nice of course to go to Jasper and down across the new highway to Banff, but what I am asking for is the construction of the main highway to give us access to the coast, or indeed to take the circular trip if that is desirable via the new Columbia river highway, back by Golden and Lake Louise and Banff. I rather regret that the project across the summit seems to be getting the preference in construction. I would much prefer to see the other under construction, so that the citizens of northern Saskatchewan and northern Alberta will have a direct highway to the coast as well as the citizens of the southern end of those provinces.

In considering a program for this year I would plead with the minister that those projects be concluded before you attempt to complete the highway over the summit because it will be a somewhat expensive undertaking and in my opinion it will not serve such a large number of patrons as if the construction were made by the route I have suggested.

Mr. BROWN: There is a small amount included in this total that I am a little curious about. That is an amount of $1,500 to provide for expropriation of areas for right of way on the Savona-Port Moody section of the main line of the Canadian Pacific railway, also on the Pembina and Stonewall branches of the same road. Why is the Dominion government called upon to provide money to expropriate areas on the right of way of the Canadian Pacific railway?

Mr. MURPHY: In connection with those portions of the Canadian Pacific Railway which were constructed by the Dominion government and afterwards turned over to the railway company, it is provided in the contract between the dominion and the company that the necessary right of way for the railway will be acquired by the government where necessary. Before this department had advice as to what lands were affected by the right of way a certain number of patents were issued which contained no reservation of the lands required for the railway. Many years ago the necessary deeds were obtained from owners in a large number of cases, but some cases have remained unsettled up to the present time. The areas in each case are small, but in addition to paying for the land the government has to provide the necessary expenses for legal work connected with the transfer of title. It is impossible to forecast what expenditure may be required, as there are no means of knowing what price will be demanded by the various owners, nor are there any means of estimating what amount will be required for legal services, and possibly for expropriation proceedings. The sum of $1,500 is named merely as affording a basis for action to clear up these pending cases as far as possible in 1933-34. The Department of Justice has advised that it is the duty of the Dominion government to procure title for the railway in all these cases.

Item agreed to.

DEPARTMENT OF FINANCE

Department of Finance, salaries, $379,737.

Mr. ELLIOTT: Does this item include the superintendent of bankruptcy?

Hon. E. N. RHODES (Minister of Finance): There is another item for that.

Mr. ELLIOTT: What item?

Mr. RHODES: I am unable to give it at the moment.

Mr. COOTE: I would like to ask the minister if he could tell us what amount of New York exchange or gold has been given to different parties in Canada, if any, to meet payments of interest on bonds coming due in New York?

Mr. RHODES: I have not that information before me, I can secure it for my hon. friend, except that it is not always desirable to disclose names. But I can give amounts.

Mr. COOTE: Well the government prohibited the export of gold some time last year. There is a belief among many people in Canada that the government may perhaps not have given gold to individuals, but that gold has been sent to New York to the credit of

the government and the government may have given New York exchange to persons in Canada at a certain rate. That is the reason that I am asking the question. Could the minister say what persons were given this exchange and at what rate it was sold to them?

Mr. RHODES: Speaking offhand, I do not know of any instance where we have given exchange in New York. We have permitted the export of gold under licence. If it were a question of assistance as far as exchange is concerned it would be at the going rate. I do not know what particular point my hon. friend has in mind.

Mr. COOTE: I think I remember seeing in the press where the government had given gold to some province at a favourable rate. From the way it was stated it looked as though it were a more favourable rate than could have been obtained at that time by buying exchange in the New York market. I just wondered whether the minister could say whether that is correct.

Mr. RHODES: No, Mr. Chairman, it would be the going rate in all cases as far as I am aware. I will verify that.

Mr. REID: I would ask the minister if there is any gold going out of the country. I noticed in the paper the other day that gold was going to London, and that some banks were making money out of it.

Mr. RHODES: That was gold belonging to the banks. They had to receive an export licence the same as anyone else.

Mr. COOTE: Could the minister tell us if that gold was in possession of the banks before the Gold Export Act was passed?

Mr. RHODES: I do not know that I can give an accurate answer regarding that, I do not know that it is material whether it was or was not, but I would assume that it was gold that was in their possession prior to the Gold Export Act being passed.

Mr. COOTE: It seems to me it makes a very material difference. No private party was allowed to export gold. Any bank that held gold that it had received prior to the passage of the Gold Export Act without paying the premium and is now allowed to export it and receive the premium certainly is getting something that the private citizen is not allowed to get. I do not see why the banks should be allowed that privilege. Anyone else having gold in their possession would have to take the legal rate for that gold. Why should the banks be allowed to export this gold and receive a premium? Would the minister explain that?

Mr. RHODES: It might be to meet obligations of the banks' clients, and those clients might be municipalities, cities or provinces. That is the answer.

Mr. COOTE: In that case the gold received by the banks at par is being sold by the banks at a premium, and really that seems an injustice. I do not see why they should be put in a favoured position by the action of the government, by being allowed to export gold in that way.

Mr. RHODES: I can assure my hon. friend that there is no question of favouritism so far as the granting of export licences is concerned. In each instance sufficient cause for the granting of a licence must be established; exportation is only permitted upon the merits of each individual case.

Mr. COOTE: Then might I ask the government whether, when the Gold Export Act was passed, containing a provision that export could be made only by the banks, it was the intention that the banks would be allowed to take advantage of that provision to export their own private holdings of gold.

Mr. RHODES: Of course I cannot answer that question by saying yes or no. My hon. friend must remember that Canadian banks have branches in Cuba, in South America, in various parts of the West Indies, in Newfoundland, on the continent and in the United States. They have their obligations to meet in gold, and no doubt there are instances—in fact I have personal knowledge of some—when they must have a certain amount of gold in hand for the purpose of meeting those obligations. My hon. friend must not suggest that there is any question of favoritism because a licence is issued to a bank for the export of gold. I have known of instances when gold has been exported for the very purpose I have in mind and later brought back to this country when the necessity for the gold in the other country had passed.

Mr. COOTE: There are many municipalities in Canada that have to meet obligations in the United States, and until two weeks ago they were legally entitled to get gold from this dominion. But they were told there was no use getting the gold because they could not get a licence to export it. Under those circumstances I do not see that it is right to give the banks authority to export gold which they may have held for several years. They took it in at par but now they are allowed to export it at a premium, though so far as

I know no one else can secure that privilege. Many people have obligations to meet in the United States, but they have been refused gold and told they could not secure a licence to export it if they did obtain it. I have had people come to me who found themselves in that position; they have been told by the government that there was no use of their getting gold because they could not export it. I might refer to the case brought up the other day by the hon. member for New Westminster, who referred to a United States tourist who brought in a bank draft, some United States currency and some United States gold. The Canadian bank in Vancouver gave him a premium on the United States draft and the United States currency which he held, but they refused to give him any premium on his gold. Then, when he wanted the gold back, the bank said, "You might as well leave it with us because you cannot take it out of Canada." That tourist was a citizen of the United States, but the Gold Export Act would not allow him to take out the gold which he had brought in. Apparently under this act the banks can take gold from tourists at par and send it to the United States or England and obtain a premium on it. If that is not making favourites of the banks I do not know what you might call it. Certainly it does not seem a proper practice.

Mr. RHODES: I wish to say at once, and as firmly as my vocabulary will permit, that there is no suggestion of favouritism so far as the banks are concerned. The banks are not selling gold as a merchantable commodity; they are transporting gold for the purpose of meeting obligations in foreign countries. As I said before, these obligations might be obligations of the banks, of the provinces, the cities or the municipalities. My hon. friend suggests that municipalities should be allowed to come down here and get gold without the payment of the premium. If I might say so without the slightest desire to be in the least offensive to my hon. friend, that idea seems preposterous. If we did that we would not have any gold in Canada in twenty-four hours. As a matter of fact the municipality, like anyone else, can get gold if there is excess gold so far as the government is concerned by paying the premium, and in no other way. My hon. friend does not suggest that the government should pay a premium for gold and then sell it at par.

Mr. COOTE: No, I never suggested that the government should pay a premium for gold; that was the government's own idea. I have often wondered under what authority that action was taken. Perhaps the minister would tell me by what authority the government pays a premium for gold, and whether it is the intention to continue paying that premium.

Mr. RHODES: I have no doubt at all that Canada will continue to pay a premium on gold. I hope it will never lose its sanity to the extent of not doing so, and until we are prepared to pass a statute confiscating gold I do not see why the practice should be discontinued. If we are going to confiscate gold, of course, we might as well contemplate the confiscation of other kinds of property. Until that time comes there is nothing to do but pay the current rate for gold.

Mr. COOTE: What advantage is there to the government in paying this premium?

Mr. RHODES: There is a very great advantage to the government. As a matter of fact the stimulation of the production of gold in Canada has been one of the saving factors in the present situation. It has not only enabled Canada to meet her obligations in foreign countries without undue strain and undue pressure which would be created if we attempted to buy foreign currencies with our own paper money; it has had the additional effect of stimulating the development of gold in Canada to such an extent that the Canadian gold industry to-day is the second in the world. It has given employment to many thousands of men, and my hon. friend must remember that to the extent that mining is made profitable not only do we bring about the employment of many men and provide a market for large sections of our country, but to the extent that they make money 12½ per cent of that profit comes to the exchequer of Canada from the company itself. Then, when the dividends go to the individual shareholders, we get another slice of the profits by way of income tax. So, taking the balance all round, it does seem to me that we have profited very largely by the development of the gold industry in Canada.

In that connection may I point out this fact, that to-day there are gold mines in Canada which are operated at a modest profit, and in some cases at a very bare profit, which would not be able to operate at all if they had to sell their gold without a premium. That has had a very marked effect in stimulating the development of the gold industry in Canada.

Mr. COOTE: I think perhaps the minister misunderstood my last question. What I should like to know is why the government

does not allow the mining companies to sell their gold freely to the highest bidder. Why does the government insist that the gold be delivered to the mint in Ottawa?

Mr. RHODES: I may say to my hon. friend that there seems to me a very important advantage to Canada in being able to secure gold at the New York price or at the London price, as the case may be, but payable in Canadian currency. If we permitted the mines to sell their gold freely and had to resort to the purchase of gold in New York or London, as the case might be, to meet our commitments we would find a strain upon our exchange which would mean a higher premium, so it is all to our advantage that we should continue the practice of having gold with which to meet our commitments.

Mr. COOTE: It is difficult to understand why we would have to pay a greater premium; we are paying whatever premium exists on New York funds at the present time, so surely there would be no difference. May I point out that although England went off the gold standard in September, 1931, the Chancellor of the Exchequer, Mr. Snowden, said it would not interfere with the free gold market, that gold would be allowed to be freely bought and sold on the London market as had been the case previously. I have been trying to find out why the government of Canada adopted this other policy of commandeering all the gold, but paying certain rates of exchange for it. I want to find out if there is any advantage to be derived from that practice.

Mr. RHODES: If my hon. friend has not understood my explanation all I can say is that I am sorry. I have given an explanation which, to my mind at all events, is as clear as an explanation possibly could be. I have pointed out that there is a very distinct advantage to Canada in being able to secure gold within Canada, payable at the New York or London rate as the case may be, but payable in Canadian currency, with the gold deliverable here. If the companies shipped their gold freely to London or New York, as the case might be, and the government had to resort to the purchase of gold in New York or London to meet its obligations, exchange would stiffen and we should have to pay an appreciably higher premium in purchasing foreign currecny with our own Canadian notes. It seems to me apparent that the advantage is very markedly in favour of the present system.

Mr. COOTE: The minister is trying to take advantage of two different arguments. He says that the higher the premium for gold the better it is for the gold mines and consequently for Canada, inasmuch as it stimulates work; and now he says we should purchase gold at the exchange rate so that it will not go higher. Apparently he is now doing something which is keeping the gold mines from getting the returns which a moment ago he said they should get. He is trying to ride two horses at once.

Mr. RHODES: Well, Mr. Chairman, I give it up.

Mr. COOTE: I suggest to the minister that this government has not made a very good job of handling the question of gold since September 1931. My hon. friends have until the last few days refused to suspend the redemption of dominion notes in gold, and they have illegally refused many requests for gold since September 1931. They have now seen the error of their ways and have passed an act which gives them power of suspension. They first suspended redemption without legal authority and then prohibited the export of gold except under licence and except by chartered banks, and now they allow the chartered banks to export gold for their own private use. So far as I know they have not allowed anyone else to do so. If they have, I should like to know who the parties are.

Item agreed to.

Insurance—salaries, $89,460; contingencies, $64,000.

Mr. COOTE: I had no idea that the question of insurance would come up to-day, but there is one point I wish to bring to the attention of the minister, though I have not with me the necessary papers to deal with it fully. I have read that some change was made in the Insurance Act last year under which companies may allow a policy to lapse though there may be sufficient loan value in the policy to cover the premium due. It seems to me it should be a statutory condition in any life insurance policy issued in Canada that if the policy has a stated loan value which is sufficient to cover a premium due the company should not be allowed to have the policy lapse because the premium is not paid. The amount necessary to cover the premium should be automatically advanced and charged as a loan against the policy. That is done under most policies which carry a clause making special provision therefor, and if that condition is not statutory it should be. I do not know whether this is under the jurisdiction of the dominion Department of Insurance, but I should like to get some information from the minister on this point. I am told that lapsed policies in the case of one com-

pany amounted last year to $20,000,000. Many men have been unable to pay the premiums on their policies owing to the deflation to which we have been subject in the last three years, and if some of these policies carried a loan value which would cover the premium, and if the premium was not automatically advanced, then in my opinion it is a shame and the law should be changed so as to make it compulsory that in any such case the policy should be carried, the premium being automatically advanced as a loan against the policy.

Mr. RHODES: Speaking offhand, I am not aware of any change in the conditions surrounding the issuing of life insurance policies as contrasted with the conditions which have hitherto obtained. I may point out however that if there was any change it was made by this parliament and is therefore a matter of the statute law of Canada, and the proper time for the hon. member to make representations will be when considering an amendment to the Insurance Act. However, I will make closer inquiry into the matter. As I say, speaking offhand, I do not think there has been any change, but if there has been it is in conformity with the Insurance Act as passed by this parliament.

Mr. COOTE: An amended Insurance Act was passed last year and I protested three or four times against its being put through without previous reference to the banking and commerce committee, so that all these questions might be dealt with fully in that committee instead of in committee of the whole house. Every hon. member will recall that protests were made repeatedly against the passage of the act through the house without sending it to the committee. We asked to have it sent to the committee first. I am not sure that the act as amended last year made any change in regard to this particular point, but I am told that it did; certain sections were changed or omitted. This is a matter which in my opinion parliament cannot afford to pass without some remedial measures if the situation is as I have stated it to-day. That is the way it has been represented to me. I have been told that many policies have lapsed though they had a sufficient loan value to cover the premium due. The premium was not paid by the insured party. In many cases they took it for granted that the loan value would be used to cover the premium and that the premium would be advanced and charged automatically against the policy as a loan. The insurance policies which I carry myself contain that clause, and if there are policies issued without it the Insurance Act should be amended so as to make that impossible. I know that many people are under the impression that if a policy has a loan value sufficient to cover the premium, the premium will be automatically advanced. I am sorry I have not here a letter which I received recently and which would I think corroborate the statement I am making now. I should like to see the minister interest himself in this matter, and if the Insurance Act stands as I think it does it should be amended before this house rises. It would not require a long bill to do it, but the matter is too important to leave it in its present state.

Mr. RHODES: I will make inquiry at once.

Mr. STEWART (Edmonton): Does the hon. member mean to say that where there was credit coming to the insured under the policy, after a request had been made for extension, the policy was cancelled?

Mr. COOTE: No. The case stated to me was this, that in many instances where there was a loan value under the policy, sufficient to meet the premium, the premium was not advanced automatically the insured party not having written to the company requesting that a loan be issued and applied to the payment of the premium. I know that in many policies there is a clause which provides that if payment of the premium is not made on the due date the amount will be automatically advanced and the premium paid, and a charge will be made against the policy. My contention is that if that is not statutory it should be made so in every life insurance policy issued in Canada.

Mr. STEWART (Edmonton): Does the hon. gentleman suggest that it should be done without a request from the insured? I gather from what he states that the insured paid no attention to securing a loan. Is that right, or did he apply and was refused? I happen to know that a great deal of that sort of thing was done last year—not cancellations but the carrying of policies that had sufficient equity to see them through.

Mr. COOTE: What I am saying is this. Most policies contain a provision to the effect that if payment is not made by the policy holder the premium will be automatically advanced by the company itself and charged as a loan against the policy. I am not saying that in any case the company refused to make a loan to cover the premium; but where the insured does not take the trouble to write to the company to ask that that be done, it is not automatically advanced and the policy

lapses. One who tried to get his policy once again placed in good standing was told: You can have your policy put in good standing by having a medical examination. I contend that where there is a sufficient loan value on a policy to cover the premium, that premium should be automatically advanced and charged against the policy, even though the insured does not take the trouble to write and ask that that be done. I understand a great majority of the policies contain a clause to cover such an advance and most people take it for granted that such a clause is in their policy. However, many people do not take the trouble to read over their policies to find out if they do contain such a clause. A great many policies have been lapsed and I think the Minister of Finance should see that this is made a statutory provision in our insurance act.

Item agreed to.

Superannuation — to provide for retiring allowances to former employees of the Department of Public Printing and Stationery, $10,800.

Mr. MARCIL: According to the newspapers, an investigation is being carried on with the object of reducing the cost of operating this department; could the minister tell us just what results have been obtained?

Mr. RHODES: I think the item refers to superannuation.

Mr. MARCIL: It refers to the Department of Public Printing and Stationery. I understand a subcommittee has been appointed to look into the expenditures of this department in order to see if any economies could be practised.

Mr. RHODES: A committee was appointed but it was not appointed for the purpose of inquiring into the printing department, it was appointed with a view to studying the use of printed matter in all departments and the uses to which government publications have been put. The idea was to see if a saving in cost could not be brought about without impairing the efficiency of the service rendered. I understand that committee is doing very excellent work and I hope that it will be possible to effect a very substantial saving in the public service without any disadvantage to the public generally.

Mr. BURY: My recollection is that the superannuation act reads, "The governor in council may make payments." It is not obligatory that the payments shall be made and, as I understand it, a civil servant has no absolute statutory right to a pension. I cannot understand why the act is worded in this way, unless it be to have the pensions freed from tax.

Mr. RHODES: The word "may" has been construed as "shall" on all occasions. Where a public servant is dismissed for malfeasance or misfeasance, discretion may be used but that is the only limitation in connection with superannuation.

Mr. MARCIL: What about dismissals for political partisanship?

Mr. CAHAN: I do not know of any person entitled to a pension who has been dismissed for partisanship.

Mr. MARCIL: There have been a large number of dismissals by the present government for this cause and I was wondering if a precedent was being established to be followed by other governments.

Mr. CAHAN: I do not think any prospective pensioner has been dismissed for partisanship.

Mr. MARCIL: But if he were dismissed, would he lose his pension?

Mr. CAHAN: Perhaps the hon. gentleman should leave that until an actual case arises.

Item agreed to.

Miscellaneous—amount required to provide for grants to be made to the provinces of—Nova Scotia, $875,000; New Brunswick, $600,000; Prince Edward Island, $125,000.

Mr. REID: Are these all the subsidies paid to these three provinces?

Mr. RHODES: These are the subsidies which have been voted since the Duncan report.

Mr. REID: Are there other subsidies paid to the provinces?

Mr. RHODES: Oh, yes, there are other statutory subsidies.

Item agreed to.

Unforeseen expenses, expenditure thereof to be subject to the approval of the treasury board, and a detailed statement to be laid before parliament within fifteen days of next session, $80,000.

Mr. COOTE: What is included in this item?

Mr. RHODES: This item is the usual provision for expenditures of an unforeseen character, all payments being subject to the approval of the treasury board. The items vary from year to year. In 1927-28, which was the highest year, the expenditure rose to

$131,000, and in 1928-29 it was down to $70,000. The amounts vary. Let me give some cases in point. The city taxes on the British legation property in Ottawa are paid under this item. This is a matter of reciprocal arrangement between Canada and the mother country. The British exchequer pays the taxes on the Canadian High Commissioner's office in London and we pay the taxes on the property of the British legation here. As the committee knows, Sir Josiah Stamp refused to accept any payment or salary for the work he did here and the sterling silver candelabra which was presented to him in appreciative testimony of that work was purchased under this item.

Mr. COOTE: I might save the minister some time. I wanted to find out whether this covered miscellaneous items of that nature.

Mr. RHODES: Yes.

Mr. COOTE: If so, I do not want to trouble him to read all the other items, being anxious to save a couple of minutes so that the committee may allow me to bring up one matter which might be considered under this item. I refer to the provision of a clothing allowance for pensioners who are receiving relief from the Department of Soldiers' Civil Re-establishment. According to a letter that I have received from a pensioner on relief residing in my constituency, it seems that in Calgary pensioners who are on relief are getting a clothing allowance, but pensioners who live in the country do not receive any. I should like to take two or three minutes of the time of the committee to bring up this matter This is a copy of a letter written by this man to Major Bell in Calgary. He says:

Dear Sir,—

Re our conversation, on the 13th instant in your office regarding the department's ruling, that pensioners, who are receiving D.S.C.R. relief, and residing in rural areas, are not eligible to receive clothing, similar to what is being issued to pensioners that are receiving D.S.C.R. relief, and who are residing in the city of Calgary.

It seems strange, pensioners, that are drawing D.S.C.R. relief should be considered, they do not need clothing in the rural areas like brother pensioners who reside in the city of Calgary.

This ruling, though harsh, to the pensioner affected, must strike his sense of humour; when he remembers a little while ago the government placed 1,000 Doukhobors in jail, for running around in their birthday suits.

I am wondering they didn't send them to the rural areas where clothing is not considered necessary, by at least one department of the government.

He goes on to point out that he has not only himself, but his wife and daughter to clothe. It seems very strange that a department of the government should be giving clothing allowance in connection with relief which they extend to pensioners in the cities and refuse to accord the same treatment to pensioners in rural areas.

As I believe the estimates of the Department of Pensions are pretty nearly through, I am taking this opportunity of discussing this matter. The Minister of Finance in the final analysis has to decide whether money will be granted to clothe these people or whether they will be sent out to the island on the Pacific coast to live with the Doukobors, and therefore I am simply asking him whether he will give this matter consideration. If he does, I am sure he will give the clothing allowance to pensioners who live in rural areas as well as to those who reside in urban districts. Has the matter been brought to the attention of the minister and, if so, will he give consideration to it and see that the same treatment is accorded to those in the rural areas as is now given to those in the city of Calgary?

Mr. RHODES: On the hypothesis that the minister in the last analysis is responsible for the raising of funds for conducting various branches of the public service, my hon. friend could apply to me in regard to every department. I shall take his representations as they appear in Hansard to-morrow and bring them to the attention of my colleague, the Minister of Pensions. I do not know there is any other answer I can give my hon. friend because of course he will understand this is not a question to which I can give any other answer.

Mr. COOTE: I thank the minister for the answer he has given me. I should not have brought this matter up now were it not for the fact I think the estimates of the Department of Pensions are nearly through and I might not have an opportunity to bring it up again. I do not think the government would allow such a condition to continue once it is brought to their attention.

Item agreed to.

INDIAN AFFAIRS

Civil government—Indian Affairs—salaries and contingencies, $135,688.50.

Mr. MARCIL: I presume these decreases refer to the ten per cent cut in salaries all along the line in civil government. What is the explanation?

Mr. DUFF: A stenographer got married.

Hon. T. G. MURPHY (Minister of the Interior and Superintendent General of Indian Affairs): Apparently the observation of the

hon. member for Antigonish-Guysborough is correct. I understand there is one position of stenographer, grade 2, in the medical branch vacant.

Mr. ILSLEY: Does this item include salaries of Indian agents?

Mr. MURPHY: No.

Item agreed to.

Civil government—Public Archives—salaries, $89,118; contingencies, $12,000.

Hon. C. H. CAHAN (Secretary of State): I should like to ask my hon. friend the Minister of Finance to move that the sum of $89,118 be reduced by $1,380, so that it will stand as $87,738. Since these estimates were prepared, one of the caretakers has passed away and it has been decided not to fill the vacancy.

Mr. RHODES: I move that.

Amendment agreed to.

Item as amended agreed to.

Public Printing and Stationery—printing, binding, etc., the annual statutes, $10,000.

Mr. CAHAN: In this particular case we have reduced the distribution of the statutes and have accordingly reduced the estimate for printing.

Item agreed to.

Patent Record, $35,000.

Mr. CAHAN: Last year this vote was reduced by $10,000. We found however that owing to the number of patents for which applications had been made, it was impossible to publish the record for the smaller sum. For that reason the amount has been increased.

Item agreed to.

Civil Service Commission—salaries, $196,020; contingencies, $25,000.

Mr. MARCIL: Has the appointment of a French-Canadian been made to the Civil Service Commission?

Mr. CAHAN: No, one appointment has been made, but the second, I understand, is still pending.

Mr. ELLIOTT: It is practically settled, is it not?

Mr. CAHAN: I do not know.

Mr. MARCIL: Who has been appointed?

Mr. CAHAN: Mr. Bland, who was formerly in the civil service.

Mr. MARCIL: Will Mr. Roche remain in office any considerable time, or will he retire?

Mr. CAHAN: He will ultimately retire. However he has been retained temporarily so that he may advise the new commissioners in becoming more thoroughly acquainted with their duties.

Mr. MARCIL. The two former commissioners have gone?

Mr. CAHAN: Yes.

Mr. MACKENZIE KING: What gratuity was granted?

Mr. CAHAN: Mr. Tremblay will receive $5,000 and the other gentleman $2,500.

Mr. ELLIOTT: Why the difference?

Mr. CAHAN: If my memory serves me correctly it is because of Mr. Tremblay's long service.

Mr. ELLIOTT: They were both appointed at the same time.

Mr. CAHAN: But one had been a long time in the civil service—twenty-two years, if I remember correctly.

Mr. MACKENZIE KING: Does the minister believe that is a fair adjustment? After all, a man retired from the public service has still his future to make. It is presumed that if his services are equally satisfactory he should receive an equal gratuity.

Mr. CAHAN: My judgment was not the deciding factor. In fact, I do not know that I was present when the gratuities were fixed. However the fact is that one has been in the public service a long time, and the opinion of the council was that owing to his longer service the larger amount should be given. Taking into consideration his length of service I believe Mr. Tremblay will not receive a retiring allowance larger than that which would have been proportionate to the longer time he had been in the service.

Mr. MACKENZIE KING: I was informed both gentlemen were told they would receive the same retirement allowance.

Mr. CAHAN: If the right hon. gentleman wishes the item to stand, I should be content to agree. I understand however that the House of Commons committee which last session considered civil service matters recommended a larger retirement allowance in one case than in the other.

Mr. VALLANCE: The minister is absolutely correct.

Mr. CAHAN: I thought so. I understood, further, that the order in council was based upon the report of the committee.

Mr. DUFF: I notice that savings have been made in a number of items over which the minister has control. I should like to congratulate him upon economizing. However, in view of the financial condition of the country, and in view of the fact that there is a good deal of criticism of this particular branch—

Mr. CAHAN: Is there?

Mr. DUFF: I shall try to show that there is. In view of those facts, has he given any thought to the matter of abolishing altogether the Civil Service Commission, and saving the country about $200,000. At this time that sum of money could be well used, and the people generally would appreciate the saving. I do not know whether or not the minister has to do with many changes in the public service, either in regard to appointments or dismissals. Perhaps I am correct when I state that there is no department of government in connection with which there are so few changes as in the department now before the committee. It is a well known fact, however, that in other departments many changes take place. Not only are there thousands of dismissals, but there are thousands of appointments.

In my opinion the Civil Service Commission is nothing more or less than the fifth wheel of a coach. In nine-tenths of the appointments by the Civil Service Commission they act only as rubber stamps. The minister of the department, on the advice of perhaps a member of parliament or his deputy, suggests an appointment to the Civil Service Commission which, in turn, makes the appointment. Let us take an example. We will suppose a postmaster is to be appointed. Quite true, in connection with those appointments there is not only a good deal of red tape but considerable expense. The Civil Service Commission is asked by the Post Office Department to advertise for applicants. The commission sits down seriously and sends out notices to different postmasters, with instructions to post the notices up so that applicants may have an opportunity to apply. All applications are received in Ottawa. Immediately the Post Office Department—not the Civil Service Commission—recommends to the Civil Service Commission a number of people who are to act as a board to inquire into the qualifications of the candidates. That is another unnecessary expense. I have known cases where officials have been sent all the way from Ottawa either to British Columbia or the maritime provinces to investigate the qualifications of a postmaster or lighthouse keeper. They go down with certain instructions. They look over the list of applicants and come back and report to the minister. I have no hesitation in saying that in nine appointments out of ten the member of parliament influences the minister and the minister influences the particular member of the government, the particular member of the government tells the Civil Service Commission who they want appointed and the Civil Service Commission recommends that appointment. I am not criticizing it; I am all for it; I think it is the proper thing, except that it should not go through the Civil Service Commission. I say to the minister that if there is a vacancy in his constituency he is the proper man to make the appointment.

Some hon. MEMBERS: Hear, hear.

Mr. DUFF: I say to every hon. member, if there is a postmaster or lighthouse keeper to be appointed in his constituency he is better qualified to choose that man than three men in the Civil Service Commission who are perhaps two or three thousand miles away from where this man is to be appointed. I have always taken the ground that the Civil Service Commission is a useless piece of machinery. I have no objection to the commissioners themselves; I have no quarrel with the officials, but in the interests of the country the business would be much better carried out by the recommendation of candidates to vacancies by the member of parliament or the defeated candidate than by having all this red tape which does not mean anything. These commissioners really do not make the appointment; all they do is to put the matter through after either the minister or the officials in certain departments make the recommendation.

Mr. MARCIL: My hon. friend from Antigonish-Guysborough (Mr. Duff) has spoken about boards going around the country to inquire into the qualifications of applicants. They have a simpler method than that in the Post Office Department. They ask the inspector of the district to send one of his assistants to the constituency, and he is told beforehand the name of the man who is to be appointed to that office. So he goes through the formality of giving a rating to the different candidates, and the man to be appointed naturally gets the highest rating. The Civil Service Commission, who have no officials of their own, must trust to the department, and they simply rubber stamp the recommendation and appoint this man who has the highest rating. I could keep this house for two or

three hours if I wanted to scan the fifty or sixty dismissals which have occurred in my county and which really make the Civil Service Commission as it works at present a perfect farce and a great expense to the country.

Mr. POWER: If the minister wishes to reply I do not want to take any time. I am opposed to this item, and have been for many years; therefore I move, seconded by the hon. member for Antigonish-Guysborough, that item No. 14 be reduced by $100,000.

Mr. CAHAN: With regard to the Civil Service Commission, the Secretary of State occupies an irresponsible position. I think his sole responsibility is to place the estimates of the commission before the house, and he is the medium through which the commission report to parliament from year to year.

With regard to the dismissals for partisanship or other matters, I can simply say that I am not responsible for any dismissals as far as I know. There has been no dismissal in any branch of the department of the Secretary of State or in any of the departments for which the Secretary of State is responsible as minister. Further I may say that in respect of the appointments that have been made by the Civil Service Commission I certainly have never been consulted in any particular. Consequently the only recommendation I have given to the commission is a personal recommendation as to character for one of the employees of the department of the Secretary of State with whom I had been in close contact for two or three years, whom I believed to be a man of very high character, and when he applied for promotion in the civil service I wrote a certificate as to his character and industry and competence. That is the only association which I have had personally with the commission.

Mr. WOODSWORTH: It does seem as if it ought not to be necessary every session, and sometimes two or three times during a session, to debate this question of the Civil Service Commission. I think perhaps the only good thing which can be said with regard to the speech of the hon. member for Quebec South (Mr. Power) was that it was short. I have no desire to make a long speech or go into the merits of the case at any length to-day. Yet I think those of us who are in favour of a civil service commission cannot let a protest of this kind go unchallenged. Surely if there is anything wrong with the Civil Service Commission and the way in which they do business the necessary action is either to bring in amendments to the Civil Service Act or to change the commissioners. I do think that the government is very slack indeed in not having appointed new members to the commission—

Mr. MARCIL: Perhaps they have no applicants.

Mr. WOODSWORTH: The Civil Service Commission was more or less discredited by a report that came in last session, yet the same gentlemen have carried on, and apparently there has been no fundamental change in their way of doing business. I think the government have been very slack in that connection.

But when we consider the alternative, if the Civil Service Commission were abolished it would mean a return to patronage in a larger degree than we have had it during the past few years. It seems to me that no one who has the welfare of the country at heart can advocate that in real seriousness. I cannot think that any member of parliament, even though he may be located near the scene of action, is necessarily the man to decide who is the most suitable applicant for a position. In fact I think the very fact that he is the member of parliament and is necessarily more or less partisan in his way of looking at things disqualifies him from making recommendations as to the fitness of candidates. I think that position can be well argued. He may know the moral character of a man in his district and may make a recommendation of that kind—

Mr. SANDERSON: Will the hon. member permit a question? Does not the hon. member frequently make recommendations to the Civil Service Commission?

Mr. WOODSWORTH: No, I do not.

Mr. SANDERSON: Have you never made any?

Mr. WOODSWORTH: No, I have not, that is to the best of my knowledge.

Mr. SANDERSON: To the best of your knowledge?

Mr. WOODSWORTH: Yes, I cannot recall at any time having done so. As everyone here knows, I have said again and again that I believe in the principle of appointment on merit after competitive examination, and I have referred applicants to the Civil Service Commission, but not with recommendations.

Mr. SANDERSON: Then may I ask another question? The hon. member says that in all his career as a member of this house, and he has been here many years, he has never made a recommendation to the Civil Service Commission?

Mr. WOODSWORTH: I cannot recall any. I am not under examination, and before making a final statement I would have to be given time to go over the matter. The nearest I can recall to having done anything of the kind was away out in the west, not in my own constituency, when either a minister or the Civil Service Commission asked me if I could indicate some medical man who could recommend someone upon whom reliance could be placed, and I indicated a medical man that I happened to know in that area, and I do not know who he recommended. To the best of my knowledge that is the nearest I have come to any recommendation.

Mr. SANDERSON: Then may I ask this question? In all his career the hon. member for Winnipeg North Centre has never made any recommendation to the Civil Service Commission?

Mr. WOODSWORTH: To the best of my knowledge, no.

Mr. SANDERSON: Your knowledge and belief?

Mr. WOODSWORTH: Not to the best of my recollection.

Mr. SANDERSON: I am prepared to leave it at that.

Mr. WOODSWORTH: If sworn evidence were brought in I might have to accept my own signature, or other evidence like that, but my statement is according to the best of my recollection. I am dealing with principles, and on principle I have avoided doing that. It may be that those of us who are independents are not subjected to quite the same temptations as others; I am not suggesting that I possess any higher degree of morality, but perhaps I occupy rather a unique position. That has been the position I have taken, and perhaps for that very reason I have been able to advocate the retention and extension of the Civil Service Commission a little more disinterestedly than some other hon. members. I felt very sorry that the appointments recently made in connection with the radio commission did not come under the Civil Service Commission, so far as I have been able to learn, but were made directly by order in council. If I am misinformed I should be very glad to be corrected.

Mr. DUFF: That is quite right.

[Mr. Woodsworth.]

Mr. WOODSWORTH: I think that is correct, and it is regrettable indeed. By these means we are really undermining the authority and usefulness of the Civil Service Commission, and if this undermining goes on very much longer I might come to agree with my hon. friend from Antigonish-Guysborough and regard the commission as a fifth wheel. But I do not want to see it made a fifth wheel; I think we need an independent body who will have some definite knowledge of the qualifications of individuals and of the needs of the departments, and I hope nothing further will be done to weaken the Civil Service Commission. If this amendment is pressed I shall have to vote against it.

Mr. MARCIL: In addition to what I said a moment ago with regard to appointments in the country districts, section 25 of the Civil Service Act enables the department to accept or reject the recommendation of the Civil Service Commission, and when by any accident a Liberal is appointed that recommendation is rejected. I have a case in point in my own constituency. A returned soldier was appointed as lighthouse keeper; he was the father of a fairly large family. This did not suit the Tory organization and the appointment was held up for six months. The temporary appointee received his salary during that period, and when the six months was up the choice of the Tory organizer in my constituency was appointed. The returned soldier, who had been legally appointed by the commission, was simply thrown aside. The recommendation of the Civil Service Commission was completely annulled under section 25 of the act, which enables the department to accept or refuse any appointment. When the appointee does not suit the men of the day he is not accepted; in this case the soldier who had been appointed was simply thrown out.

Mr. HANSON (York-Sunbury): I do not see that the hon. member for Bonaventure has very much to complain about. During the ten years his party was in power that section was invoked day in and day out in order to get rid of candidates who had received the highest rating by the Civil Service Commission. If the hon. gentleman wants to refresh his memory let him look at the debates of 1930, when the post office estimates were under consideration. My complaint against the Civil Service Commission is that at times they allow themselves to be influenced by others, and the merit system is not always to the fore. If the hon. gentleman wants a concrete illustration let him look at the case of the Campbellton postmaster.

Mr. MARCIL: I had nothing to do with that; I only know that an appointment was made by the Civil Service Commission and that now an attempt is being made to have that cancelled. Of the one hundred postmasters in my constituency I think about fifty have been dismissed. The other day a man was dismissed by the Postmaster General despite a fervent appeal made on his behalf by the Lord Bishop of Quebec. Mr. Sweetman, the postmaster in question, who had held office for thirty-four years at Port Daniel Centre, and who was kept in office under the Borden government by Sir Robert Borden himself when an attempt was made to oust him, has been let out. I am in favour of merit, but the merit system does not work properly. All the government officials are trembling with regard to their positions. If a post office inspector is sent down to my district, what does he do?— The easiest way is for him to see the member who has the patronage for the county. In my case my opponent does not bother with patronage; he has passed it over to a former minister of the crown, Hon. Doctor Paquet, who was a member of the Meighen administration. He is handling the patronage now, and this dismissal was carried out on the recommendation of Doctor Paquet in spite of the appeal of the Lord Bishop of Quebec, who I am sure could be compared with Doctor Paquet any day of the week.

I could bring up any number of similar instances. These things are done for party purposes; I have sat here for thirty-three years, and I know what I am talking about. When my hon. friend from York-Sunbury goes back to his people he will have to account for the expenditures of the present government. I know he has a pretty safe constituency, but he may find that conditions have changed, and that the people are in earnest. They may want to know if only individuals and private companies should economize or whether the Dominion government should not set the example. I am sure my hon. friend and I could sit down and reduce the budget by millions of dollars. Many things are all right when the country is prosperous; it is all right to have representation at Geneva and elsewhere and commissioners galore when the country has money, but I think we could get along without a lot of these things now. Here we have a tax of 2 cents a pound on sugar; we have to put 3 cents on every cheque no matter how small it may be; we must raise $70,000,000 by increased taxation this year. At the same time the trade of Canada for the month of March was $28,000,000 less than our trade a year ago, and I do not know how many millions less than our trade in 1928 and 1929. So I think the time has come when we must economize, and I am in favour of abolishing the Civil Service Commission entirely, so far as the outside service is concerned. Let the minister of the crown assume the responsibility for appointments, and let him make those appointments on the recommendation of the man who has been chosen to represent the people of that constituency. If I make a foolish appointment I am responsible first to the minister and then to my electors. Then the minister will have someone to whom he can look with confidence, because I must assume the responsibility, as every member of parliament must. That is the way the civil service should be administered, but to-day we have this costly farce, the Civil Service Commission. It gives no satisfaction to anyone; the appointments are made purely for party purposes, and in each case a large number of good partisans are dissatisfied. If you want to get into trouble, change a post office; that is the old story, and my hon. friend knows it very well. I know my hon. friend is sincere; he knows in his heart that we could save millions of dollars if we really wanted to do so. We should cut our budget down to compare with our revenues, but here we are this year with a deficit of $150,000,000. What is to become of this country if trade does not pick up or if something is not done at Washington or some other place? Where will we be in the next two or three years? I put that question to my hon. friend, and he will have an opportunity to answer it.

Mr. MACKENZIE KING: A moment ago the Secretary of State said that he, as a minister of the crown, had never asked the Civil Service Commission to make an appointment.

Mr. CAHAN: Or as a private member, so far as I know.

Mr. MACKENZIE KING: And that the only action he had taken along that line was to give a certificate of character to someone who was seeking a position.

Mr. CAHAN: And in that case the gentleman had been in the State department under me, where I had been able to supervise his competency and intelligence. I do not think he has received the appointment, at that.

Mr. MACKENZIE KING: Quite so, and I think in making that statement the minister felt that he was expressing the proper

attitude of a minister of the crown with reference to appointments under the Civil Service Commission. A few days ago we were discussing in the house a measure which related to the appointment of wardens in penitentiaries, and the Minister of Justice at the time told us that one reason a certain clause in the act had been drafted as it was was to remove altogether the possibility of the minister making the recommendation for the appointment of wardens. He said that it would be better to leave the matter in the hands of the superintendent and that the minister should not interfere at all. We accepted in good faith what the minister then said. I have in my hand a return asked for a few days ago by the hon. member for South Perth (Mr. Sanderson) and I wish to read to the committee two or three of the communications that appear therein. They illustrate to what extent the Civil Service Commission really functions in the matter of some appointments. This return relates to the appointment of a warden at Kingston. The motion asked for:

A copy of all correspondence, telegrams, recommendations, reports, memoranda and other documents on the files of the Minister of Justice, the Solicitor General and of the Civil Service Commission in respect to the appointment of R. M. Allan to the position of warden of Collin's Bay penitentiary.

The first letter is dated Ottawa, January 14, 1932. This is a memorandum signed by the Minister of Justice and forwarded to the superintendent of penintentiaries:

Please instruct Inspector Jackson to return to his regular duties at Ottawa as inspector, and place Mr. Allan in charge of the preferred class penitentiary, Collin's Bay, as acting warden. Please also apply to the Civil Service Commission for the promotion of Mr. Allan to be warden of said institution, and for the promotion of Mr. Hawkins to the position now occupied by Mr. Allan.

That was a pretty straight statement on the part of the Minister of Justice as to what the Civil Service Commission should do. Then there is a communication from Mr. W. S. Hughes, superintendent, to Mr. Allan. It is dated January 18, 1932:

Dear Mr. Allan,—

Acting under instructions of the hon. the Minister of Justice, you are to proceed immediately to the preferred class penitentiary, Collins bay, and take charge of that institution.

That communication is addressed to:

R. M. Allan, Esq., Structural Engineer, Penitentiary Branch, Ottawa.

[Mr. Mackenzie King.]

On January 21, 1932, there is quite a long letter from the Deputy Minister of Justice, addressed to the Secretary of the Civil Service Commission, Ottawa. It reads in part:

Sir,—

Re—Promotion, Structural Engineer R. M. Allan, J.PA. 17, to position, warden, grade 1, preferred class penitentiary, Collin's Bay, J.P. 2001.

Relative to the above, the position of warden at the preferred class penitentiary, Collins bay, has not been permanently filled since its creation. The hon. the Minister of Justice is desirous of having the above mentioned officer promoted to this vacancy.

Then the communication gives certain reasons and concludes:

May I ask that steps be taken to immediately promote Mr. Allan to the permanent position of warden of the preferred class penitentiary, at the salary he now enjoys, viz., $3,180. The customary requisition is attached hereto.

I am, sir,

Your obedient servant,
W. Stuart Edwards,
Deputy Minister of Justice.

A little later there is a communication from the Civil Service Commission intimating that this has been done, and there is a communication signed H. C. Fatt, acting superintendent, addressed to the warden, Collin's Bay penitentiary, Kingston, under date April 11, 1932:

Sir,—

Please be advised that certificate has been issued by the Civil Service Commission, promoting you to the position of warden, grade 1, Collin's Bay penitentiary, with salary at a rate of $3,360 per annum, less allowance, from 1st April, 1932.

There is the file. I have not read all the communications but the pertinent ones, and I have not left unread any communications which hon. gentlemen would wish to have quoted. That file indicates that in the filling of positions such as that of warden, the Minister of Justice simply told the superintendent whom he wanted appointed. He had his deputy write to the Civil Service Commission, indicating who was to be appointed, the Civil Service Commission made the appointment, and the superintendent notified this gentleman that the appointment had been made. If that is the method of proceeding under the present government, so far as the Civil Service Commission is concerned, the motion before the committee at the moment is wholly inadequate. Instead of reducing the salaries paid to the commission we ought to abolish it altogether. This is the file as presented and I shall be glad to send it over to my hon. friend if he wishes to see it. It is an exemplification of what we on this side have been

saying, that so far as the Civil Service Commission is concerned, as apparently it is functioning at the present time, it is simply acting under instructions from the minister, the minister giving directions to his head officials or his deputy and, through them, instructing the commission what to do.

Sir GEORGE PERLEY: It seems to me the right hon. gentleman has taken too high-handed an attitude in this matter. As a matter of fact, these are not instructions to the commission at all. The commission are not bound to carry out the wishes of the minister.

An hon. MEMBER: But they did.

Sir GEORGE PERLEY: They are not bound to carry out these instructions unless they see fit, and my experience of the commission is that anyone whom I recommend very seldom gets any consideration. Indeed, I no longer recommend anyone to the commission. The minister or the deputy minister might say that he would like to have such a man appointed, but that does not constitute instructions to the commission. If the commission refused to appoint the man the minister could not compel them to make the appointment.

Mr. MACKENZIE KING: Will the Acting Prime Minister listen to this.

May I ask that steps be taken to immediately promote Mr. Allan to the permanent position of warden of the preferred class penitentiary, at the salary he now enjoys, viz., $3,180. The customary requisition is attached hereto.

I am, sir,

Your obedient servant,
W. Stuart Edwards,
Deputy Minister of Justice.

Sir GEORGE PERLEY: They considered him a proper person to be promoted.

Mr. MACKENZIE KING: The letter says, "to immediately promote".

Sir GEORGE PERLEY: "May I ask that steps be taken" cannot be regarded as instructions. As a matter of fact, the minister could not instruct the commission if he wished to.

Mr. DUFF: I can understand that the Acting Prime Minister would not wish to have very much to do with the Civil Service Commission, nor would he ask them to make appointments, but he is a member of this government and he cannot get away from some responsibility in the matter. I will refer to one case that occurred in the last couple of months. A radio commission was appointed and it was found necessary to have certain officials. The commission asked for a secretary, and although the commission was requested to advertise for applicants for that position, although two hundred applications were received by the commission, although these poor devils of applicants each paid $2 when he sent in his application, the appointment of Colonel Landry was made the day before the applications were due. Who made that appointment? Was it made without the advice of the Civil Service Commission? Was the Civil Service Commission not told to appoint that gentleman instead of one of the two hundred applicants who sent in $2 each, and from whom the government derived $400?

Sir GEORGE PERLEY: This is something I know nothing about. Does my hon friend say that the appointment was made the day before the applications were received?

Mr. DUFF: Before they were due.

Sir GEORGE PERLEY: Before they were received?

Mr. DUFF: No, before the time was up.

Sir GEORGE PERLEY: Has the hon. gentleman anything to prove that?

Mr. DUFF: The Acting Prime Minister can get the proof better than I can. I would suggest that he ask his colleagues.

Sir GEORGE PERLEY: I ask the hon. gentleman whether he has any written evidence.

Mr. DUFF: I have made the statement that this was done and I would suggest that the Acting Prime Minister make an investigation Let him ask his colleagues whether it is true or not.

Sir GEORGE PERLEY: I will have the matter investigated.

Mr. CHEVRIER: My views with reference to the Civil Service Commission are well known to all members of the committee and I do not propose to repeat them at this moment. I have had occasion time and time again to express my views and they will be found in Hansard. I have agreed in the past with the principles underlying the Civil Service Commission, and I repeat my agreement. I agree with the principle of having a body to appoint people to the civil service under the merit system. If there are any defects in this system, it is not due so much to those charged with the administration of the law as it is to the law itself. If a change were made in the act in an impartial manner and irrespective of parties and the like, a lot of the trouble now being experienced would be removed. I am one of those who believe in the merit system and I see no other way

in which it can be administered except by a properly constituted commission operating under a proper law. I notice there is a reduction of almost $50,000 in the vote for this commission. I shall not repeat what I have said before, but notwithstanding my great friendship for the hon. gentleman who has moved that the item be reduced, I shall very gladly vote against his amendment.

Mr. HANSON (York-Sunbury): Would the hon. gentleman tell us how many recommendations he has made to the Civil Service Commission between 1921 and 1930 and how many times he has tried to influence appointments?

Mr. CHEVRIER: When anyone came to me and asked me to recommend him to the Civil Service Commission, I did so when I felt that he was worthy of appointment. However, I might say that as far as I know, not one of these applications has been accepted. Since the change in government, people have come to me asking me to recommend them for positions. As my hon. friend knows, the application form contains a space for three recommendations. Since 1930 I have been quite willing to place my name upon the application forms of those whom I thought were fitted for positions, but not one of them has been appointed.

Mr. MacLEAN: I should like to bring a matter to the attention of both the Secretary of State (Mr. Cahan) and the Minister of the Interior. A gentleman in my county acted as chief migratory bird officer for over nine years in the province of Prince Edward Island. It was decided to hand this work over to the mounted police and this man's name was placed upon the eligible list of the Civil Service Commission. Just recently the position of fishery officer in my county became vacant, a position which entails work similar to that which this man had done. When the natural resources were handed over to the provinces, many positions in the Department of the Interior were wiped out, but the minister knows it was intended that these men would be taken care of. This man to whom I refer is a returned soldier and I think the minister will bear me out when I say that he had a splendid record with the department. The Civil Service Commission was about to advertise the position of fishery officer when this man put forward the claim that as he was on the eligible list, he should receive the appointment. The commission agreed with this, but in order that this man should not receive the position an order in council was passed stating that it would not be filled in a permanent way. A couple of days afterwards another man was put into this position upon the recommendation of the gentleman who opposed me in the last election. A man who had been in the department for nearly ten years was passed over although the commission had admitted that he was eligible for the position and should receive it. I do not know whether this man was a Liberal or a Conservative, I just want to point out that there are many ways of getting around the act. This man was wounded in service overseas, he has given splendid service in the department but he is now thrown out in the cold simply because someone else wants to place another man in the position. The Civil Service Commission were ready to appoint this man and I have their letter to prove it.

Amendment (Mr. Power) negatived on division.

Item agreed to.

Miscellaneous—to provide for expenses of the comptroller of the treasury's office, $1,741,148.

Mr. MACKENZIE KING: Does this item relate to the comptroller who has just been visiting the western provinces?

Hon. E. N. RHODES (Minister of Finance): Yes.

Mr. MACKENZIE KING: What success has he had in having the provinces appoint comptrollers?

Mr. RHODES: I cannot give my right hon. friend any other answer than to say that his report came in only to-day. It is very voluminous and I have not had an opportunity of considering it.

Mr. MACKENZIE KING: Does the minister consider that there is anything in the nature of interference with the domestic affairs of the provinces when the federal government issues directions of the character of those set forth in the Prime Minister's letters to the premiers of the provinces?

Mr. RHODES: It is entirely within the discretion of the provincial governments whether they will subscribe to the suggestions contained in the letter of the Prime Minister. In that sense, provincial autonomy is not being interfered with.

Mr. MACKENZIE KING: May I point out that when the matter of grants to provinces came up in the first instance, we on this side urged very strongly that the Auditor General or some of his agents ought to be permitted to audit the various accounts. The Prime Minister then took the position that it would be an insult to the provinces to ex-

pect that any federal officer should have anything to do with supervising the accounts of the provinces. I recognize that the federal comptroller is not supervising, but had the course which we suggested at the outset been taken, it might not have been necessary to send a comptroller with certain instructions.

Mr. RHODES: The position taken by the Prime Minister to which my right hon. friend has referred, had reference to the auditing of the accounts which are paid for in part by the provinces themselves and which are administered and dealt with by the provinces, whereas on the other hand the letter of the Prime Minister had reference not to the creation of accounts but to the question of requests which have come to the dominion for advances, loans and financial aid to enable the provinces to carry out their own provincial undertakings. Therefore my right hon. friend will see, apart from the question whether the attitude taken in the latter case by the Prime Minister was correct or not, it was entirely different from the question of auditing provincial accounts as such.

Mr. MACKENZIE KING: It all relates to provincial expenditures which have been incurred and paid as a result of grants in aid.

Mr. RHODES: Yes. On the other hand, the lender is the man who lays down the terms on which the borrower is to receive an advance.

Mr. MACKENZIE KING: My point is that at the outset the government should not have regarded it as an insult to the provinces to lay down any terms. We were taking the very strong position that being the lender, the federal government ought to safeguard the dominion treasury in its loans. Had that course been taken, the position of the provinces to-day would not have been the difficult one it is; it would not have been necessary to tell them that the time had come when they had better get a comptroller or they would not get help.

Mr. RHODES: I do not think there is any difference in view between my right hon. friend and myself except that he is confusing two things. The question of auditing accounts as approved by a province where the province itself administers and pays a portion of them is one thing, while the question of the federal government saying to a province which comes to the dominion treasury requesting the loan of a certain sum of money: Yes, we will lend you the money, but on condition that you will do thus and so, is entirely different.

Mr. MACKENZIE KING: If we are agreed, I am satisfied.

Mr. POWER: The answer to the minister by the provinces would be this, that if the federal government had not initiated these enormous expenditures, the provinces might not have been in the difficult position in which they are. If they are asking for money to assist in carrying out certain undertakings under a relief act, it is because they were obliged to make these expenditures. The federal government simply said: We will spend so much and you must also spend so much; if you do not, you are to be held up before the inhabitants of your province as not being willing to cooperate with us. The provinces have been actually forced into the expenditure of large sums of money.

Mr. RHODES: I cannot allow the statement of my hon. friend to pass without a moderate protest.

Mr. POWER: I did not expect the minister would.

Mr. RHODES: It may quite well be that the dominion must assume a share of responsibility for certain public works expenditures which were participated in by the provinces and that to the exent they did participate in certain public works expenditures, there may have resulted a modicum of financial embarrassment at the moment. That may have been a contributing cause, but it was not by any stretch of the imagination the main cause of the difficulty in which the several western provinces find themselves at present. One must go far beyond that for many of the expenditures that they are called upon to make to-day. When I say that, I am not referring to parliament buildings which cost many millions of dollars and other undertakings of a like character which at the time were beyond the purse of the provinces to meet. Let me take one illustration. In the drought area in Saskatchewan, there was a case where one-third of the population of that province was impoverished, not in a position to pay a single dollar of taxation and, on the other hand, having to be the recipients of direct relief to the extent of one hundred per cent. That one instance alone would cause a diminution in the revenue of Saskatchewan of a very large sum of money. Then, of course, the provinces are also subject to the general conditions of depression which exist to-day.

Mr. POWER I do not know whether this is relevant to the discussion or not, but may I ask the Minister of Finance whether persons who have received assistance in the drought area of Saskatchewan have pledged themselves to repay either to the Saskatchewan Relief Commission or to the federal government the loans made to them?

Mr. RHODES: My recollection is that in many, if not in most cases, a promise to pay was taken by the Saskatchewan relief commission and, while I am speaking from memory, I think I am accurate when I say that already a substantial sum has been repaid to the federal treasury as a result of those obligations.

Mr. POWER: Is it the intention of the federal government to insist that the Saskatchewan relief commission endeavour to collect those amounts?

Mr. RHODES: I would not say that the government would insist, but I think it would be the duty of the dominion to insist that those who could pay would honour their obligations and that the federal treasury should be recouped so far as possible for those advances. No doubt many of them will never be returned, but when they can be they ought to be.

Mr. SANDERSON: I understood the minister to say a minute ago that he had just received the report from the comptroller of the treasury. Is that in connection with the four western provinces or just some of them?

Mr. RHODES: Three of the western provinces.

Mr. SANDERSON: Is it the intention of the minister or the government to lay those reports on the table?

Mr. RHODES: I hardly think it is a report that ought to be brought down. I say that offhand and without having had an opportunity of conferring with my colleagues. The report is more in the nature of a confidential document for the purpose of informing the government as to conditions in the west. I would like to turn the matter over in my mind and confer with my colleagues before deciding whether to bring the report down, because the committee will see there are of necessity many matters of inquiry which could not in the public interest be disclosed.

Item agreed to.

At six o'clock the committee took recess.

[Mr. Rhodes.]

After Recess

The committee resumed at eight o'clock.

DEPARTMENT OF FISHERIES

Building fishways and clearing rivers, $18,000.

Mr. NEILL: Mr. Chairman, I note that this item is for clearing rivers and building fish ladders. There is a lake in my district which requires a fish ladder. As I understand it, sockeye salmon eggs were put into that lake four years ago, and the run is due to come back this fall. I have made inquiries from the department, and learn that the proposal is to wait until they come back, and then to think about building a ladder. That may seem reasonable to the department; they may choose to adopt that course rather than to build a ladder before the run. But the history of the Pacific coast tells us that if we put sockeye eggs into a lake we can count on it that they will return four years after. The department states there is a precedent in connection with Stamp falls, in which instance they waited until the run came back. In that case however the falls were not of a character which made the ascent of the fish prohibitive. Those falls only made it difficult for the fish to get up, and their efforts were supplemented through provision by the department to carry them up a distance of perhaps a couple of hundred yards in some kind of pail or bucket. Out of a fairly prolific run one could imagine how many would ascend in that way. The efforts of the department were of course supplemented by the fact that the falls were not impossible of ascent, and that at least to a certain extent the fish could get up in any event.

In the particular instance to which I allude, however, I am advised the fall is much deeper, about fifteen feet straight down, and that it would be impossible for fish to get up unless a fish way were built, or some blasting done. I am not asking for a large expenditure, but I do say a little blasting would make it possible for the fish to get up. But expensively to propagate fish, to wait for four years until they come back, and then to carry them up in a bucket, does seem a waste of public money. How many of a run could be taken up in that way? The sockeye salmon is a fairly large fish weighing ten or twelve pounds and in my view the government would be well advised to spend money preparing the falls so that the fish may get up in the natural way. Some preparation of that type would not cost any more than carrying the fish by hand, and the result would be that all the

fish, rather than one per cent, would get up. The particular place I have in mind, one with which the minister's deputy is familiar, is Maggie lake.

Hon. ALFRED DURANLEAU (Acting Minister of Fisheries): The only answer I can give is that we are experimenting to see if the stocking will be successful. If so we will make a fishway. I shall inquire, however, and see if something can be done.

Mr. NEILL: But while we are waiting for the grass to grow, the horse will die. It takes time to build a ladder, and while we are waiting for the building of it the run will be over.

Mr. DURANLEAU: I shall inquire; the vote before us will cover any expense necessary.

Mr. DUFF: Before the item carries I should like to apologize for being about a minute late when the committee reassembled at eight o'clock. I am told that item No. 17 under civil government passed without discussion. I presume I am out of order in speaking to it at this time, unless the committee will give its consent.

Mr. RHODES: Unanimous consent.

Mr. DUFF: I should like to ask the government when a Minister of Fisheries is going to be appointed. I am willing to admit that my good friend the Minister of Marine and acting Minister of Fisheries is a very capable minister of the crown, but there is no question that the Canadian fisheries, being a very important industry, require a minister of their own. Since my good friend the Minister of Finance was promoted to that responsible position, there has been no minister of fisheries. I should like to know if the minister or the government could tell the committee when a minister of fisheries is to be appointed. I suggest of course that the appointment should go to the maritime provinces. Further than that, I suggest it should be given to the province of Nova Scotia. While the Minister of Finance represents that province, and is a very estimable gentleman indeed, yet with his great responsibilities as Minister of Finance he cannot be expected to look after the fisheries. I should like to know what the government is contemplating in this connection.

Mr. RHODES: The hon. member for Antigonish-Guysborough, with his knowledge of parliamentary practice, will appreciate at once that any answer to his question could be given only by the Prime Minister, whose prerogative it is to select the members of his administration. The only answer I can give is to say that upon the Prime Minister's return I shall direct his attention to the remarks of the hon. member.

Mr. DUFF: Everybody knows that politically I am not a very good friend of the Prime Minister, but I must take issue with the Minister of Finance when he throws responsibility for the present vacancy in the Department of Fisheries on the shoulders of my good friend the Prime Minister. A short time ago the Minister of Marine was asked with regard to the appointment of a deputy minister of marine. On that occasion he, too, passed the buck very nicely, stating that he could not give any information to the house with regard to the appointment of a deputy minister of marine, because it was a matter purely within the control of the Prime Minister. Of course it is quite possible that in the final analysis the Prime Miinster has to sign his name on the dotted line, whether the appointment be that of a minister or of a deputy minister. I understand that the Prime Minister has the entree to His Excellency the Governor General, and I presume that when an appointment is made of so important a character as that of Minister of Fisheries, His Excellency will see only the Prime Minister. Nevertheless other ministers of the crown have certain responsibilities in regard to this important vacancy. Again I say that the fisheries of this country is a very important matter, not only to the Atlantic coast and the Pacific coast but also to the district of the great lakes. I say it is not fair to the people interested in that great industry that this post should be vacant for such a long time. I see just coming to his seat my good friend the minister without portfolio from Prince Edward Island (Mr. Macdonald). He is a member of this government, without portfolio it is true; but if in the wisdom of the government someone should recommend that that hon. member be appointed as minister with portfolio, as far as I am concerned I should be very glad to say amen to that appointment. But surely the present situation is not fair to the Minister of Marine (Mr. Duranleau) who has grave responsibilities regarding his own department; for he has the Gibb report on his hands—such a weighty matter that he cannot decide what to do with it this session and it is to be held over. Looking at him now one can see that he has a number of responsibilities. He also has had to put over the shipping bill; he has so many other matters that he cannot deal with it this session. Why should this minister be loaded up with another depart-

ment which needs the attention of a man with special qualifications to look after this great industry, one of the foremost we have, an industry which has never cost the country very much, and which is always bringing new money to the country. I say that this government should decide immediately to appoint a minister of fisheries. I do not want to embarrass any more of my hon. friends on the other side, but may I say this—and I am glad the hon. member for Digby-Annapolis (Mr. Short) is not here: if the Minister of Finance will take my advice, if he does not want to relieve the present minister without portfolio from Prince Edward Island of his present position, then I say he has in the hon. member for Digby-Annapolis a man well qualified for the office of Minister of Fisheries. I strongly recommend that something be done to fill this position, which has been vacant since my hon. friend the Minister of Finance was elevated to the exalted position he now occupies.

Item agreed to.

To assist in the conservation and development of the deep sea fisheries and the demand for fish, $75,000.

Mr. DUFF: I notice the amount has been reduced $61,000—practically cut in two. Will the acting minister be good enough to explain why this service to this important industry is reduced some fifty per cent?

Mr. DURANLEAU: The reason for the large decrease in this appropriation is that the cost of certain services provided for is working out at much less than was expected. For the year just closed the total expenditure will slightly exceed $80,000 and certain costs can be further reduced. Provision was made last year for an expenditure of $40,000 in the campaign undertaken for expanding the demand for fish in Canada. With the cooperation of the Canadian Fisheries Association this work is being done with satisfaction to the industry and on a very economical basis. The cost for the past year was approximately $13,000 and it is not expected to exceed $12,000 this year.

Provision was made for assisting fishermen's bait associations in establishing bait freezers to the extent of $30,000. No freezers were built last year, but an expenditure of $1,278 was incurred in meeting the requirements at Canso, and $504 in paying a portion of subsidy of a freezer built the year before. It is not anticipated that more than $1,500 will be needed this year. It is expected that the Nova boats will not be needed for as long a period this year, and that there will be less expenditure on that account by about $5,000. It was estimated that $15,000 would be needed for educational work, but the cost was about $11,000. It is expected that $12,000 will be needed this year. Scallop investigations cost $2,000 less than was expected. These account for $66,000, and the remaining $9,000 is made up of several small items which appear in the statements I have here. The anticipated expenditure is:

Nova boats	$ 35,000
Port service	1,500
Bait freezers	1,500
Expanding demand for fish	12,000
Fisheries exhibits	3,000
Educational work amongst fishermen	12,000
Scallop investigation	6,000
Miscellaneous	4,000
	$ 75,000

Mr. NEILL: I failed to catch whether any considerable, or in fact any part of that sum was to be spent on the Pacific coast. Would the minister kindly indicate how much of that $75,000 is allocated to the Pacific coast?

Mr. DURANLEAU: There are no special allocations for different parts of the country. The vote is for the whole fisheries of Canada.

Mr. NEILL: As a matter of plain English, it is all to be spent in the east, isn't it?

Mr. DUFF: Would the minister be good enough to tell me whether in addition to the subsidy paid to what he terms the Nova boats, which are chartered to carry lobsters to Boston, any other boats received a subsidy?

Mr. DURANLEAU: There was a small subsidy paid to another one for a certain number of days last year when there was a rush.

Mr. DUFF: What name?

Mr. DURANLEAU: Isle Madame.

Mr. HANSON (Skeena): I would like to have an answer to the question asked by the hon. member for Comox-Alberni (Mr. Neill) as to whether any of this vote is to be spent on the Pacific coast or whether it is all for the Atlantic coast.

Mr. DURANLEAU: There is no doubt that the expenditure for expanding the demand for fish covers the whole of Canada. The work has been carried on from ocean to ocean. And if there are other urgent demands on the western coast the vote is not especially for the east, it is for the whole of Canada.

Mr. HANSON (Skeena): Would it be possible to have at least what was spent out of this vote on the Pacific coast last year, and what was done there?

Mr. DURANLEAU: I have not the exact figure, but I know that Mrs. Spencer was on the Pacific coast for more than two months last winter, during January and February and part of March.

Mr. NEILL: But even she would not account for $75,000. The minister has practically admitted that almost all this money was spent in the east, and I am not grudging it; if it was needed there it should have been spent there. That brings me to the consideration of another feature, however, and I am sorry my hon. friend from Digby-Annapolis is not here to-night; I know he would support me.

Mr. DURANLEAU: There was no admission of the kind made by the minister.

Mr. NEILL: It was a tacit admission. I did not expect the minister to say it in so many words; that would be expecting too much of human nature. This brings me to the consideration of an item in connection with which I have made an annual protest for some years. I hope perhaps this will be the last time I will have to bring it up because I have a premonition, which other people might call a hunch, that my protest will prevail this time. I refer to the allocation, or the lack of allocation, of the $160,000 granted annually for fisheries bounties. On this occasion I am more confident of success, though I always have had justice, equity and law on my side. The hon. member for Digby-Annapolis and the hon. member for Cape Breton South always have given me their moral sympathy and admitted I was right, but they have always insisted that because they have had this graft in the past they should continue to have it. No doubt this is the result of some lingering aura of old Scotland hanging around the fog-bound coast of Nova Scotia. This year, however, I have a higher authority to call to my support; I refer to the minister himself. On February 27 the hon. member for Antigonish-Guysborough asked the acting Minister of Fisheries with regard to the fishing bounties, and on that occasion I spoke as follows:

> Has the minister considered giving British Columbia and the Pacific coast its share of that fund?
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> Mr. Duranleau: The money will be divided according to the statute.

That is all I ever asked, that the money should be allocated according to the statute. In years gone by I have found that if you go to a French speaking cabinet minister and get him to promise something, his word is good; forever sacred remains the word of a French speaking minister. In the case of an English speaking minister I have sometimes found it desirable to call around a few days later to see if he had forgotten about it.

I need not go over the whole question again; the minister and his deputy have all the records before them. This money is voted under a special act, not connected with something else that happened four years before. The act was passed in 1882, if I remember rightly, simply directing that out of the consolidated revenues of Canada the sum of $160,000 should be taken yearly and devoted to the stimulation of the fisheries of Canada. I claim that we are a part of Canada, but we have been neglected, ignored and robbed of our share from 1882 until the present day. I do not wonder that the hon. members to whom I referred are not here tonight. They cannot defend this action; it is indefensible. The Minister of Finance made a stab at it one day, but he could not get away with it. They say that this refers to a transaction under which the United States paid a large sum of money into the consolidated revenue fund of Canada in return for allowing certain fishing privileges to the fishermen of the United States. We are told that when the United States paid that amount the Canadian people surrendered a portion of their privileges, and that was a portion of my privileges as well as the privileges of the people of Nova Scotia. In any case, Mr. Chairman, the money was paid into the consolidated revenue fund, and there it lost its identity. Several years later, for reasons with which I am not acquainted and with which I am not concerned, the government of Canada decided to vote out of the consolidated revenue fund the sum of $160,000 yearly for the improvement of the fishing industry of Canada. In those days we did not ask our share because we did not have very much in the way of fisheries, but we are here now clamouring for what is rightfully ours. We do not want to go back into the sad past, but we want our share in the future.

If any further reason need be given I will only refer to the way the money is being frittered away now. The Minister of Finance needs money and does not know which way to turn, but here is $160,000 being frittered away in little dabs here and there. One man gets $6.80; another man gets $5.80 and another man $1 a ton on his boat, all for the support and stimulation of the fishing industry. If the money was spent in a reasonable way we would still have a claim to our share. That famous Duncan report particularly said that this method of distributing the money was unfair and useless, and that this was a waste of public money.

Mr. DURANLEAU: Do I understand that my hon. friend's views are that these bounties should not be given?

Mr. NEILL: No, I am not adverse to the spending of the money in a proper manner in order really to stimulate the industry, but I think in whatever way it is spent it should be divided equally between the Pacific and the Atlantic.

Mr. DURANLEAU: But if it is money wasted on the east coast—

Mr. NEILL: I would not say it was wasted, but we seem to be getting very little for it.

Mr. DURANLEAU: —would it not be wasted also on the west coast?

Mr. NEILL: I do not understand how giving a man $5.80 is going to stimulate his interest in the fishing industry. That is what is given each man who goes out in a boat, and that is supposed to stimulate the deep sea fisheries of Canada. I do not know what goes on down there but I do not see how this is calculated to promote the object in view.

Mr. DUFF: I do not want to get into a controversy with my good friend from Comox-Alberni, but evidently he is not acquainted with the facts concerning this vote for bounty purposes and the history surrounding it. In the first place the hon. member said this parliament voted $160,000 each year for bounty purposes. That is not correct; there is no amount voted by this parliament for bounty purposes each year. This is a statutory amount, just as the judges' salaries are statutory. Where does this money come from?

An hon. MEMBER: God knows.

Mr. DUFF: God does know, and I am going to tell the committee. This money does not come from the taxpayers of this country; it was paid by the United States in return for certain privileges they obtained along the Atlantic coast. It has nothing at all to do with the Pacific coast. In 1870, if I remember correctly, a commission was appointed to investigate the fisheries of the Atlantic coast, in which the citizens of Canada, the United States and Newfoundland all had certain privileges. That commission decided that $5,000,000, if I remember correctly, should be paid by the United States in return for certain privileges, $4,000,000 coming to Canada and $1,000,000 going to Newfoundland. That $4,000,000 has been in the treasury of Canada ever since, and this $160,000, which is never voted by this parliament—

Sir EUGENE FISET: Are you sure of that?

[Mr. Neill.]

Mr. DUFF: Yes, I am quite sure it is not voted by parliament. The interest on that $4,000,000, at 4 per cent, is set aside because the fishermen of New Brunswick, Nova Scotia, Prince Edward Island and Gaspé gave certain privileges to our neighbours to the south. It has nothing to do with the Pacific coast. Whether the fishermen of Nova Scotia, New Brunswick, Prince Edward Island or Quebec received $5.80 or $6.80 is irrelevant. This money belongs not to the people of Canada but only to a certain number of them living in certain parts of the country, and so far as the people on the Pacific coast are concerned they have no right to it, nor is it any of their business how the money is spent. By an arrangement made fifty or sixty years ago it was decided that this money should be divided in two ways: first, by allowing the vessels $1 per ton up to 80 tons, and then by dividing the balance of the $160,000 among the fishermen engaged in the industry in the particular season. Some years they received $6.80 and other years, when there were more fishermen, $5.80 or $5.90. As regards British Columbia however they certainly have no more right to the money than I have to any money voted by the congress of the United States. I cannot understand why my hon. friend from Comox-Alberni should get up and claim that the fishermen of British Columbia or of the great lakes or the fishermen on lake Winnipeg ought to participate in this particular amount which was devoted to a specific purpose.

Mr. NEILL: I admit that the hon. member has done his best, but he has a very poor case to work on. He went back seventy or more years. The money obtained from the United States was I believe $5,000,000 and in 1878 it was placed in the consolidated revenue fund of Canada. The hon. gentleman says that this money was provided as compensation to the fishermen of the maritimes for giving up certain privileges. It was not; it was to provide compensation for the fishermen of Canada. Does he mean to say that if I had gone there in 1882 I should not have been allowed to fish? Of course it would have been my privilege to fish there as it was the privilege of any Canadian. He says we did not vote this money. Well, that is merely a play on words; we voted it in a lump sum in 1882, when the act was passed. The hon. member says it was placed in the consolidated revenue fund in 1878. The hon. gentleman evidently hopes that it is floating around in the consolidated fund to-day. If he can find it there I will give him an equal amount.

Mr. DUFF: Have you got it.

Mr. NEILL: It was placed in the consolidated revenue fund and it went the way of all consolidated revenue funds. Four years passed and possibly because an election was coming on, who shall say, the parliament of Canada passed what is known as chapter 74 of the revised statutes, the Deep Sea Fisheries Act, which provided that an annual grant—not a bonus but a grant—of $160,000 should be taken out of the consolidated revenue fund for the purpose indicated; but there was not a word, not a whisper, not a syllable of reference to the situation which the hon. gentleman has outlined. It was something quite independent of and apart from that. It was said that it was to be used in aid of the sea fisheries of Canada and for the improvement of the conditions of fishermen. What fishermen, pray, and where? The fishermen of Canada. And we, in British Columbia, are part of Canada. The hon. gentleman is inclined to forget that. If you will look at the law you will see that they have no right to the whole of the money as that law exists, and as a matter of fact we are deprived of our share simply in consequence of the regulations made by the minister. He could not possibly do it under the act, because the act is quite explicit; it must therefore be done by regulations which the minister is empowered to make. It is a well known principle of law that you can pass regulations only if they amplify the act; you cannot make regulations that constitute another act. But that is what the minister did from time to time; he made another act by his regulations. By means of those regulations he removed British Columbia from the operation of the act of 1882, and I say he has no power to do that. All that my friends from the maritimes can claim is this. They say, "What the member for Comox-Alberni says is true and legal, but it should not have been done." Possibly it should not have been done, but it was done, and they fall back now on the time-honoured argument that it has always been like this and what we have we will hold. But time does not justify a wrong. I ask the minister, in view of his pronouncement that he would distribute the money in accordance with the act, to take appropriate steps in this matter. Chapter 74 of the revised statutes provides that the money shall be for the benefit of the fishermen of Canada, and as the minister is a new man I should like to hear him say that he will live up to the promise he gave me, as indicated in Hansard of the day I have mentioned, and distribute the money in accordance with the act.

Mr. DUFF: The hon. member for Comox-Alberni says that the act which he has cited provided that the money should be devoted to the fishermen of Canada. What else could it say? It could not pick out one province and declare that the money should be for that province. In these estimates there is $300,000 for fish culture and I have no hesitation in saying that seventy-five per cent of that sum is spent in British Columbia, ostensibly for the benefit of the fisheries of Canada. We are not complaining about that; because $225,000 of that $300,000 is spent in British Columbia we are making no complaint, nor should my hon. friend, because of the act which he has referred to, argue that this money was intended for the fisheries of the dominion at large. It could mean any particular part of Canada. Take another illustration. When the Minister of Finance brought down his budget the other day it contained an item with regard to what is known as the stabilization fund, and when inquiry was made as to what that item meant with regard to the fisheries it was shown that practically the only part of Canada that would benefit to the extent of hundreds of thousands was British Columbia. Did my hon. friend from Victoria-Carleton or my hon. friend from Digby-Annapolis object to it? No. Yet my hon. friend now brings forward an act passed fifty years ago to bolster up an argument that cannot hold water. He says that this money provided for the maritimes should also be given in part to British Columbia.

Some hon. MEMBERS: Carried.

Mr. NEILL: May we hear from the minister.

Mr. DUFF: Carried.

Mr. NEILL: No. If we are not going to hear from the minister I take it that his silence is assent to my argument. He has seen the virtue of my argument, and that being settled I will pass on to something else. This item deals with the conservation of fish, and I have had a number of complaints in regard to what is considered the rather too common habit of dumping fish. We know we spend enormous sums of money, running into millions of dollars, for the preservation and conservation of fish. I have letters here, from one of which I will quote:

> In connection with the dumping of edible salmon back into the water, we wish to draw your attention to such a condition in this district.
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> In this district a cannery wanting cohoe for canning has been sending out boats with instructions to bring in only cohoe and a limited number of bright chums, with the natural result

that hundreds of salmon have been caught, picked over, and then the poorer ones turned back into the water where they will die as they cannot survive the handling. In one case we know of several hundred chums being thrown away because it did not suit the convenience of the company to handle them though they were prime fish.

On another occasion, it is alleged, twelve thousand fish were dumped overboard by one cannery. There does not seem to be any provision in the act or in the regulations to guard against such a thing. I have a letter from the department in which it is stated that the practice cannot be stopped. The letter reads in part as follows:

> If salmon caught in conformity with the regulations do happen to be dumped, the occurrence, however regrettable from the standpoint of wastage, does not contravene such conservation regulations.

It may not contravene the regulations but I contend that a man who proposes to dump ten or twelve thousand salmon should be forced to notify the fisheries officials and obtain their consent. Although it would not be in conformity with the act, it might be possible that arrangements could be made so that the fish could be disposed of to a reduction plant and thereby not be a total loss. If my suggestion were carried out the officials would be advised as to the amount of dumping and if a certain individual or cannery was dumping too many fish, discrimination could be carried out in the matter of granting them licences. Until I notified the department they had not the slightest idea that this practice was being carried on. I submit that there should be some attempt made to keep a check upon this dumping. If sufficient publicity were given, the practice would be discontinued because these men would not care to have their names appear too often upon a blacklist. If they did persist in the practice, they could be penalized when licences were being granted.

While I am on my feet I should like to refer to another matter. Last fall I applied to the department for permission for the unemployed of Courtenay to take pinks out of the river. This is a second-class fish which was selling at two cents apiece at that time, but my request was turned down. I was told that the guardians would have sufficient common sense not to interfere with anyone taking fish for food. That is all very well, but these junior men feel that they must live up to their instructions. The result was that the poor of the town of Courtenay were not able to go out and jig a few fish for their own use. The amount they would have taken would not have been a fleabite as far as conservation was concerned. We all know how sensitive people are when they are down and out and forced to rely on relief. These men who were not permitted to go out and catch a few fish for their own use heard of this dumping of nine or ten thousand fish. Such things make for discontent. I suggest that the department should endeavour to keep itself informed on these matters and see that a close check is kept.

Mr. DURANLEAU: I will take note of the suggestion my hon. friend has made and if it is necessary to adopt more strict regulations, they will be adopted.

Item agreed to.

Fish culture, $300,000.

Mr. NEILL: Why is the west coast of Vancouver island not getting some Atlantic salmon? The experts say that the lakes and creeks of the west coast of Vancouver island cannot be surpassed for the propagation of Atlantic salmon. In these hard times I was quite prepared to be told that our day would come, but I was rather surprised to see in one of the bulletins issued by the department that Atlantic salmon eggs have been shipped to the state of California. Are not the waters of Abana and Pharpar greater than the muddy waters of the Jordan? Are not the waters of the west coast of Vancouver island as important as those of the state of California? I know the argument will be used that these eggs were sent on an exchange basis, that we received from the state of California a certain quantity of steelheads, but it must be remembered that steelheads are almost of no commercial use. They are nothing more or less than a sport trout and the commercial use of the fish would not be more than one per cent of the total catch. If we had Atlantic salmon on the west coast of the island we could develop a considerable tourist trade. We have lost the advantage of liquor, but we still have our scenery and climate, and Atlantic salmon would bring people from all over the world. I think we should come before the state of California and I should like to know why it was thought advisable to ship eggs to that state when the west coast of the island could not be supplied.

Mr. DURANLEAU: I am told by my officials that we have been sending Atlantic salmon to the Pacific coast for years but it has not proved successful.

Mr. NEILL: I am referring to the west coast of Vancouver island. They may have sent some to the Pacific coast, but not to the

west coast of Vancouver island. I am reminded of a shipment of lobsters which was sent out to the west coast many years ago. For twenty years afterwards the argument was used that the propagation of lobsters had not proved successful, but it was proved that they had forgotten to untie the legs of the lobsters before putting them into the water. Even though nature furnishes an ideal setting, when man comes along and does a thing like that, there is only one result to be expected. We have ideal piscatorial conditions on the west coast of the island and I guarantee that if Atlantic salmon are sent out they will prove to be just as successful as they are in the state of California.

Item agreed to.

Oyster culture, $13,000.

Mr. MacLEAN: What progress has been made wth this oyster culture?

Mr. DURANLEAU: This work is being confined mainly to the Malpeque bay area.

Mr. MacLEAN: I know that it is being confined to that area but I am sorry to say that the situation there is not just as we would like to see it. The fishermen feel that this vote should be spent in developing areas for public fishing, while the department seems to be of the opinion that it is better to lease these areas to private individuals for development. Did the minister not receive a petition signed by some two or three hundred fishermen protesting against the leasing of these areas?

Mr. DURANLEAU: Protests were received.

Mr. MacLEAN: Did the minister give any consideration to the request of the fishermen?

Mr. DURANLEAU: The agreement was entered into by the late government in order to establish a very large industry there. This agreement contemplated the development of the oyster industry by encouraging oyster farming on areas that would be leased for long terms so as to enable the lessees to develop their holdings. Section 5 of the agreement specifically provides that the government of Canada shall have the power of control and administration not only over the live oyster beds but over all areas that are suitable for that purpose and it expressly states that the government of Canada shall take such means as are deemed proper and advisable for the development and improvement of the growth and culture of oysters and other molluscs in the said areas. Following upon this agreement it was decided that before encouraging anyone to go into oyster farming, the department would make an investigation to ascertain the methods by which success would be achieved. This investigation took three years and immediately thereafter the contemplated method of encouraging oyster farming was launched.

Mr. MacLEAN: Is the minister of the opinion that the department is on the right track in leasing those areas? Does he not think he is treading on very dangerous ground? The moment he takes any public fishing area away from the public fishermen and gives it to private individuals, does he not think he is immediately courting trouble for his department and is dealing unfairly with the public fishermen?

Mr. DURANLEAU: What the hon. member suggests has not been done by the department.

Mr. MacLEAN: Does the minister mean to say that no public areas have been leased?

Mr. DURANLEAU: No public producing areas have been leased.

Mr. MacLEAN: I can hardly agree with the minister in that regard because the leasing has been done in areas where the oysters are showing signs of coming back. If those areas are not now producing in large and paying quantities, what we hoped was that with the government's cooperation with nature on the oyster areas, the beds would be brought back for public fishing. I am placed in a very difficult position in connection with this matter because a division of opinion exists and I have good friends on both sides. There are some who believe the leasing is all right and I understand they have taken out leases. There are many others who believe the oyster fisheries should be retained for the public fishermen, and any money expended should be spent with that aim in view, namely, to bring back the areas for the public fishermen. If you follow this question a little further, there are other oyster areas in the province. I see members from other counties of my province present. They have oyster areas in their counties and I do not think they would for a moment approve of the wholesale leasing of those areas. It would not be fair to them or to the fishermen of their constituencies for the department to do that.

The department may be quite honest and sincere in this matter, but I am sorry I cannot agree that the minister, through his department, is pursuing the right course in this regard. As I have stated, the moment you start handing over to private individuals the public fishing areas of any community, you are start-

ing trouble. I do not know what the aim of the department is; perhaps it thinks the people who take out those leases will begin to develop the areas and the Department of Fisheries will not be obliged to spend the money it otherwise would. If that is the idea, it is false economy, because it will prove a source of trouble. It has been attempted before with disastrous results to the fishing industry and we feel sure the same thing will happen again. I do not wish to emphasize this too strongly, but I might inform the minister that very largely attended indignation meetings were held in that district last summer. Those meetings were attended by as many as 500 or 600 people and committees were formed which were authorized to act on behalf of the fishermen. They protested against the leasing; they sent petitions and protests to the department and still the latter continues to lease those areas. I would like to know from the minister whether he intends to proceed with the leasing of the areas notwithstanding the fact that those protests have been received from such a large body of the fishermen.

Mr. MACDONALD (Kings): One would think the hon. member for Prince, who lives alongside this area, would give the committee a fairer picture of conditions than he has done just now. He knows very well the areas about which he speaks are not producing; that areas which are producing are not being leased by the government; that the agreement under which those areas are being leased was made about five years ago by the previous government with the then government of Prince Edward Island and that this government is only carrying out regulations contained in that agreement. I have yet to learn that the hon. member protested at that time against the agreement made by the two governments of which he was a supporter, but now he comes forward with these objections. He also speaks about meetings having been held there, which I understand were largely engineered by himself for the purpose of embarrassing the department and the government.

Mr. MacLEAN: I have every respect for my hon. friend, but I would ask him to withdraw that statement because it is not correct.

Mr. MACDONALD (Kings): If my hon. friend says that it is not correct, I shall withdraw it. The main point, however, is this: the areas to which he refers and which are being leased are not and would not be made productive, certainly not in our time, if some person did not lease, cultivate and make them productive. Therefore in those sections where the effort is being made it is for the good of the industry, to revive and keep alive something which would otherwise not have been revived.

Mr. MacLEAN: Replying to the hon. member for Kings, I did not wish to introduce a political viewpoint into this discussion. As I stated at the beginning, as many of my political friends are in favour of leasing as are against it. He refers to the agreement which was entered into by the former government. May I tell the committee frankly that under the former government and through my own instrumentality, receiving assistance from scarcely anyone but the then Minister of Fisheries, we had an appropriation placed in the estimates in order to bring back the famous Malpeque oyster. It is well known the Malpeque oyster was the most famous oyster in the world and at present oysters are being sold on the markets in various cities as Malpeque oysters although they do not come from that section at all; they come from across the border. The chairman asks why Canadian oysters are not sold in the parliamentary restaurant. The reason they are not sold is that we are not producing them in quantities sufficient to supply the market.

We did ask the Dominion government to reestablish oyster areas. Away back some fifteen or twenty years ago oyster areas were under the control of the Dominion government. At that time the local government in Prince Edward island conceived the idea that if they had the oyster areas they could lease them to private individuals, and in that way bring great revenues to the province. The local government did take over those areas and began leasing them. The result was that oysters were brought into that area indiscriminately from the southern United States, and disease became apparent on the beds, wiping out the total oyster production in that great area. The beds lay dormant a number of years. The local government had not money to expend to bring them back to production. I was particularly interested because the area was in a district near my home. I am not ashamed to tell the committee that as a family of boys, my brothers and I made good money out of the oyster areas, and the farmers and fishermen of that community did the same thing, before the disease wiped out the industry. Then the Dominion government agreed to take over the oyster areas, and to expend money towards bringing them back to production. At this point I should like to take issue with the hon. member for

Kings when he states that those areas were taken over with the idea of leasing them, because under section 9 of the agreement there is provision that before leasing is undertaken the department at Ottawa must obtain the approval of the provincial government at Charlottetown. When the Liberal party was in power here the provincial government in Charlottetown never gave its consent to leasing, nor was any policy of leasing decided upon. If the former Minister of Fisheries were in his seat he could verify my statement, and the deputy minister can now verify it, that as a representative of the county in question, and the only one really interested in the matter, I never gave my consent to a policy of leasing. Further, leasing was never decided upon or announced as a policy of the department.

However, following a change of government in Prince Edward Island and another change here the policy of leasing was decided upon. The federal department consulted the provincial government. Advertisements for leases were inserted in newspapers and the leasing of the areas was proceeded with. The hon. member for Kings states that no public areas which were producing were leased. I ask him on what authority he makes that statement. I have been in close touch with the fishermen, and I am told that the public areas now beginning to produce are being leased. They have made similar representations to the department. Therefore before any further leases are issued I suggest very careful consideration should be given the matter. There are oyster areas in other rivers and bays. Why should Prince county be picked out and the areas leased, thereby taking away from the fishermen the public rights afforded fishermen in other counties? If there is to be one policy for one part of the province and another for another, well and good. I say however that such procedure would be quite unfair.

I do not wish to make this a political issue in any way, but I believe it is my duty in this committee to defend the rights of the public fishermen, and that the money being expended by the government should be spent in the interests of public fishermen. The hon. member for Kings states that the public areas cannot be brought back to production by the department, but that they can be brought back by private owners. I should like to know why that is so. Oysters for seed purposes can be obtained only from restricted areas where the beds show life and are now producing. The government could take the oysters off the restricted areas which have been set aside for breeding purposes, clean the areas, and protect them properly, as well as private owners can. To say that private owners can bring back areas and that the department cannot, is begging the question, because one has as good a chance to do so as has the other.

The minister should give this matter his personal and careful attention; it is a matter much too serious to be trifled with. As the hon. member for Antigonish-Guysborough has said, one day we have one Minister of Fisheries and the next day we have another. Despite the fact that they are good men, they are busy with other work and are not giving the attention to the fishing industry that it merits. The deputy minister is doing his best, but he is nailed down to his desk, and receives very little assistance. Important matters are left to drift, and they are not given the careful consideration they should receive. I wonder if any hon. member in the house would submit to the leasing to private individuals of public fishing rights in the rivers and bays of his constituency? I venture to say there is no man in the house who would support any such policy.

No doubt I shall receive a great deal of criticism from some of my personal friends. I feel it my duty, however, to defend the rights of those public fishermen who are not here to speak for themselves.

Mr. PRICE: As I understand the matter, only non-productive beds are being leased at the present time. I believe there has been no interference with private beds. Not one man out of fifty can make a success out of barren beds. It has been tried in my constituency; men with money have spent thousands of dollars in an endeavour to make non-productive beds productive, and in every instance they have failed. This vote of $13,000 is for the culture and protection of oyster beds. I believe the department is trying to do something to advance the oyster industry. The experience in the past has been that only those beds which have been privately owned have been successful, so far as production is concerned. In the county of Kent the Barnes Company some years ago were given a lease of certain beds, of which they have made a success. Outside of that, the beds open to the general public are much abused. I believe the department is taking steps to improve that condition, and also to improve oyster culture. I have no doubt it is endeavouring to do its best, and I suggest this small vote of $13,000 should receive the approval of the committee.

Mr. MYERS: In my view the hon. member for Prince county has not given the committee a fair picture of the circumstances. We have been led to believe by the hon. member that the rights of public fishermen on public beds are being interfered with. This is not the case as I understand it. The public beds are very extensive in the bay referred to, and they are still available to the fishermen at large. And the Department of Fisheries has been for a number of years carrying on extensive and useful work there in clearing up the bottoms that formerly were productive but for a number of years have been non-productive by reason of that disease. The department has been sweeping, dragging, dredging and cleaning up these bottoms in the interests of the fishermen at large, and has been very successful in bringing back the fishing on those public beds. The bottom that is being leased is bottom that is not known as public fishing beds. It is non-producing, barren bottom and does not form part, as I understand it, of the public fishing ground of the oyster fishermen on that bay. It is being leased for the purpose of producing oysters in areas that did not produce oysters before. The former premier of Prince Edward Island, Hon. Mr. Lea, on October 26 of last year, before the maritime board of trade in the city of Charlottetown, went into this question fully. He reviewed the action that had been taken by the former government in Ottawa, and the government over which he presided as premier of Prince Edward Island; he referred to what was being done and said that it was in the best interests of the fishermen at large.

The hon. member for Prince (Mr. MacLean) says that as far as he is concerned he has never yet given his open consent to the leasing of these bottoms. I know the hon. member for Prince county fairly well, and sometimes the idea occurs to me that he is more interested in fishing for votes than in fishing for oysters.

Some hon. MEMBERS: Order.

Mr. MYERS: If that is out of order I withdraw it, but it is said anyhow. The hon. member has a faculty of always withholding his consent to anything and everything, and then when the government finally takes action, if he can just get a little sympathy from some fisherman or farmer or anybody, he is quite willing to take the opposite side to that which the government has taken and try to curry favour with a few of his constituents. That has been his record in politics since I knew him first.

[Mr. Price.]

Mr. DUFF: "Speak for yourself, John."

Mr. MYERS: Never you mind. If I were the hon. member for Prince county I would be more than proud to stand up and back the Department of Fisheries for the noble efforts they are making on behalf of his constituents and his county to restore that important industry, and I would do anything and everything I could to strengthen the hands of the department. I will say that if the hon. member does not appreciate that $13,000 that we are voting, that is being spent almost entirely in Prince county, then we will make a recommendation to the Department of Fisheries that for the time being we give Prince county the go-by, for we are mighty willing to spend it in Kings and Queens.

Mr. MacLEAN: I think my good friend from Queens is measuring other people's corn in his own half bushel. I am not quite as smooth as my hon. friend is and not so able to fish for votes as he is. I wish to tell my hon. friend in the first place that we are not objecting to the spending of this money.

Mr. MYERS: What are you objecting to?

Mr. MacLEAN: We are objecting to the leasing of the areas. My good friend is an inland farmer, and I would tell him to stick to his potatoes and leave things alone that he doesn't know about.

Mr. MYERS: I do not know that you are much of a fisherman.

Mr. MacLEAN: My hon. friend is not entitled to talk about the oyster industry in the county of Prince. He is a good-natured gentleman from an inland district, and we must pardon him if he has not a full grasp of the situation as it appears to us who are right on the ground and know. The difficulty is that these areas are being leased to people, whose farms front on the rivers and bays. Naturally the oysters are coming back in the heads of the rivers and bays, in shallow water near the shore. The deputy minister knows perfectly well that where the areas are being taken is not out in the big bays and rivers but along the shore fronts of the different people who reside along these fronts. These are the places where, the fishermen tell me, the oysters are coming back. Nothing would please me better than if under this private ownership a great industry could be built up, but my hon. friend from Queens knows very well that it was attempted before, and he knows that an industry that was worth millions of dollars to the province of Prince Edward Island was wiped out of existence

through that policy. Why should we go blindly into the same trap again, just when the disease has run its course? Scientists told us at the time that this disease had been introduced from some unknown source and that it would likely run its course in seven or eight or ten years. They were right in that, because after it had killed out everything in the way of shellfish in those bays and rivers the oysters began to come back, and, as I have said, they are coming back at the heads of the rivers and bays. There is no one more interested in this than I am; I am willing to accept any good, constructive suggestions, but I do not want to be classed as one who is endeavouring to do an injury to the oyster industry or anyone interested in it. What I want is to bring the oyster industry back for the public fisherman, and I do not think that once the whole shore area right around the rivers and bays is leased there will be much chance for the public oyster fisherman to make a living.

I am not going to labour this any further; I leave it with the Acting Minister of Fisheries and his deputy. I think that in the interests of all concerned no more leases should be granted until the matter is looked into thoroughly. I would invite my hon. friend from Queens to come up there and meet the fishermen. I would invite him and his colleagues and the hon. member for Kings to go out there on the patrol boat and see the areas that have been leased, see the work that has been carried on, and if they will just give the word there will be a meeting called that will be attended by thousands of people so that they can get the viewpoint of the fishermen right on the ground.

Mr. MYERS: I do not wish to prolong the debate on this question. My hon. friend thinks that I do not know an oyster from a potato. That is hardly true. I happened to be a member of the local government in Prince Edward Island from 1912 to 1916 when the oyster areas were taken over from the federal government by the provincial government. They were taken over at that time for the express purpose of attempting to plant oysters on what was then barren bottom. At that time the active beds were producing oysters in great quantities and they were not interfered with in any way. In order to plant these bottoms and build up the industry, areas that were known to be barren were leased to fishermen mostly, and men who are known as farmer-fishermen—men who engage in both occupations—who are adjacent to the areas leased. For some reason or other small seed oysters were imported from the state of Rhode Island and planted on these barren bottoms. Shortly after that some disease visited these oyster beds. Some of the scientists—I do not know whether or not they are very great scientists—blamed that disease upon the imported oysters from Rhode Island, but I am not able to subscribe to that theory, though. I am not a scientist, I am a plain, ordinary inlander, as my hon. friend from Prince calls me, though my farm does touch the Northumberland straits. To my mind this is the question: If the disease was imported with those seed oysters from Rhode Island why were there any live oysters left there; why were they not dead of the disease before we brought them here? I want to tell the committee that around the shores of Prince Edward Island we have mussel mud beds from which we farmers dig mussel mud for fertilizer. These beds are known to be sixty feet deep in places, and to my mind that proves that these periodical waves of disease or epidemics have been going on since Adam went into long pants, and will continue as long as the sun rises and sets.

So I could never subscribe to the theory that the disease was imported from Rhode Island or anywhere else. It did happen, however, that a very valuable type of oyster, the Malpeque oyster, was wiped out, and we all regret that very much. Let me say, however—and I have this information from the Department of Fisheries—that all the oysters did not die; apparently some were immune to the disease and survived the epidemic. These are now restocking the beds, with the aid that is being given by the Department of Fisheries. It is the same old story; I am not a medical man, but I have been told that if a wave or epidemic of typhoid or diphtheria sweeps through a settlement people here and there will not contract that disease; apparently they are immune to it. This seems to have been the case with the oysters; a few survived the storm, and these beds are being restocked by these surviving oysters. As I said before the Department of Fisheries is making every effort, in aid of the fishermen at large, to restock the public beds, but it is the barren bottoms that are being leased to these fishermen and farmer fishermen in order to rebuild a great industry in Prince county.

Item agreed to.

To provide, subject to the approval of the governor in council, for a grant to the United Maritime Fishermen, $4,500.

Mr. NEILL: I should like some details in connection with this vote. Is $160,000 not enough for them; must they have another chunk? I think it was Solomon who said

there were three things that were never satisfied, but if he had lived in these days I think he would have said four; he would have added the maritime appetites. I think it is a very excellent thing to stimulate cooperation among the fishermen, but why should it be limited to the Atlantic coast? It has been well said by someone that cooperation is only organized desperation, and it almost has to come to desperation before you can get certain people to cooperate, farmers and fishermen for example. We had a cooperative association in British Columbia, but partly through the fault of the management it went bankrupt. Possibly if we had been given some educational facilities such as are afforded under this vote that would not have happened. I should like to know what this money is voted for, if it is not to promote cooperation down there, and why it should be confined exclusively to the maritimes.

Mr. DURANLEAU: The association mentioned in the item is the United Maritime Fishermen, which is an association formed with the object of enabling them to better their conditions by cooperation and other means.

Mr. NEILL: Hear, hear.

Mr. DURANLEAU: The association is proving to be of assistance in fisheries development. It enables the department to consult with the officials who represent the fishermen as a body. Through its efforts improvements in the handling and preparing of fish for market can be brought about more quickly. The association must depend on fees from the members to meet its expenses. Owing to the present depressed condition of the industry it seems impossible for the association to procure sufficient funds to enable it to function properly. Hence it applied to the department for aid; $4,500 was provided last year, and it is proposed to continue the grant this year.

Mr. NEILL: That is a very useful work, Mr. Chairman, but why can we not get the same thing? Will the minister guarantee that if we make application we will get similar favourable treatment?—because God knows we need it.

Mr. DURANLEAU: Would my hon. friend suggest the name of any association similar to this?

Mr. NEILL: I could suggest the names of half a dozen. That is the trouble; we have too many associations. We want educational facilities to help bind them into one large union, and that is just what this money would be used for.

[Mr. Neill.]

Mr. DURANLEAU: Which one would you suggest?

Mr. NEILL: I would have one something like our C.C.F. friends, a holding association for them all, which could be worked up into one strong association. I am not here to advocate the claims of any one association, though I am a member of one. I certainly would not recommend one above the others, but if the money were available for real educational work I believe they could be brought together. For every one of the reasons given by the minister this would be of substantial value to the fishermen of the west coast. Will the minister give me some encouragement; will he say that he will consider such an application?

Mr. DURANLEAU: If the demand is made by a similar association it will be considered.

Mr. NEILL: Thank you. Just before we leave this vote I should like to refer to something I probably should have mentioned in connection with item 163. I notice that the department, with laudable enterprise, has been holding classes for the fishermen of the Atlantic coast. They have been attended by some thirty-five men and are appreciated so much that this year there was quite a rush to join. Many more fishermen applied for enrolment than could be admitted, and they had to limit the number. These fishermen's courses include instruction in such subjects as the preparation of dried, boneless and pickled fish, the coopering of barrels, navigation, motor engines and refrigeration, and there is also elementary instruction in chemistry, bacteriology and biology. I applied for our share of this, but I was told that the biological board did not think it was necessary, which was a very nice compliment since it implied at least that on the Pacific we did not need instruction. While I am proud to accept that compliment on behalf of our fishermen there, I do not think the men themselves would admit that they were beyond instruction or the need of information. I do submit that, if they do not receive anything out of that $160,000 grant made in the other vote, they might at least be given a share of this instructional vote. We are told that the fishermen on the Pacific coast do not want to learn anything about pickling cod. Quite so, but we want to know about pickling and smoking herring; we want to know how to put up to the best advantage the various fish we catch. Our fishermen would also appreciate some information in connection with motor engines, and some elementary instruction in

the other subjects mentioned. I cannot see that the discrimination can be justified by putting us off with some compliment to the effect that we are so advanced as not to need instruction. That is not so. I do submit that these classes should be inaugurated on the Pacific coast as well as on the Atlantic. Our friend from Antigonish-Guysborough tells us that we were not in existence at one time so far as the fishing industry is concerned, that we are amateurs, that we have just come into the business. Well, isn't that all the more reason for our getting some instruction? Certainly. I submit that the fishermen on the Pacific coast, particularly those who are newcomers to the trade, should be encouraged to make the best of their facilities. The minister is taking steps to see that this is done on the Atlantic and it is unfair not to do the same thing on the Pacific.

Mr. DUFF: I do not quite understand the point of view of the hon. gentleman. If he would ask the department to increase the vote so that a certain amount might be spent in British Columbia I could see the force of his remarks. But he is trying to take the money voted for work on the Atlantic coast.

Mr. NEILL: No.

Mr. DUFF: He tried to get part of the $160,000 which the American government paid this country for purposes distinctly applicable to the maritimes, and now he objects to a vote of $4,500 to provide, subject to the approval of the governor in council, a grant to maritime fishermen. The difference between myself, representing a constituency in one of the Atlantic provinces, and the hon. gentleman from Comox-Alberni, is quite apparent. If you will glance at the estimates you will see that just before this $4,500 item was called we passed without discussion or criticism from maritime members a vote of $29,500 entirely for Pacific coast fisheries. We do not object to this government spending money on the Pacific coast; whatever is necessary for the development or the protection of the fisheries there, we as members from the maritime provinces will vote for it. But when the department thinks that it is in the interests of the fishermen that a small amount of $4,500 should be voted to encourage fishermen in the maritime provinces, it ill becomes the hon. member for Comox-Alberni to object. We are passing tens of thousands of dollars in the interests of British Columbia fishermen and I do not think he should object to a vote for the maritimes.

Mr. NEILL: The hon. member has mistaken me; I was not trying to take his money away. I applauded the vote and said that it was for a useful purpose. I only want to extend it to the Pacific coast.

Mr. DUFF: That's different. Carried.

Mr. NEILL: No.

Mr. DUFF: Are you opposed to it?

Mr. NEILL: I want to have it extended. I wish the minister would give an expression of opinion.

Mr. DURANLEAU: I have not much to say except that it would be difficult at this time to increase this vote, especially when some of my friends on the other side are urging the government to cut down expenses. If the hon. gentleman is not asking for part of the vote which is being spent in the east it means that he wants an increase in it, double the vote, in order to provide a school on the Pacific coast. I am sorry that at the present time the government is not disposed to ask the house to vote any increase.

Mr. NEILL: But it could be taken out of the $160,000 for the conservation of the deep sea fisheries.

Item agreed to.

Salaries and disbursements of fishery officers and guardians, fisheries patrol and fisheries protection services, $1,022,000.

Mr. REID: I have already protested against an order in council passed on March 10 last allowing purse seine fishing at the mouth of the Fraser river, and I want now to reiterate that protest. First of all I wish to direct the attention of the minister to the fact that the committee on fisheries is not being given anything to do. The committee is struck every year and the names of the members are printed; yet important matters are put through by order in council without the committee on fisheries being given an opportunity to discuss them. This is all the more serious when we remember that this order in council was passed while the house was sitting. It may be argued that it is necessary to pass certain orders in council when the house is not in session, but I think it is something to be taken serious note of that when the house is in session matters affecting an industry should be put through without any reference whatever to the committee. When the house is sitting matters affecting any industry should go before the particular committee concerned. When the Minister of Agriculture had certain matters under consideration with regard to

agriculture he referred them to the committee, and we should be treated in like manner with respect to the fisheries.

I wrote to the minister on February 8, protesting against the order in council I am now discussing, and I received an answer on the tenth. I wish to take issue with some of the statements made in that letter. For instance, it was said therein that the question would receive consideration, though as a matter of fact, at the time this letter was sent out, the order in council I believe had been passed. I do not think that is a fair way to treat any member especially when he writes protesting against something that affects twelve or fifteen hundred fishermen. At least it should have been pointed out that the order in council had been passed. I received the letter on the tenth saying that the matter would be given consideration, but as a matter of fact it had been put through by order in council and was later published in the Gazette. The letter also states that if these advanced fish could be caught before the Fraser river is reached their full value for canning would be safeguarded. I am informed that these salmon are caught by the average gill netter before they reach fresh water. For the information of the committee I would point out that one seine boat will do away with perhaps twenty or thirty individual fishermen. In these days when we are endeavouring to find work for the unemployed, and when that is almost impossible, I do not think that seines should be allowed to operate right in the mouth of the Fraser river and up to the international boundary. The average seine boat carries a net about twelve hundred feet long and eighty feet deep. It forms a sort of purse. They make a circle and the bottom is drawn, and they will pick up anything from one thousand to five thousand fish at a time. Another of the disastrous results of the operations of these seine boats is the fact that they break up the schools of fish. The fish previous to entering the Fraser river are in schools made up of thousands and thousands of fish and if these seine boats are allowed to swirl in with their purse sines they will break them up. It takes some time before the schools gather together again before making their way up the Fraser river to spawn. These seine boats will also catch some late-run sockeye. I have it on the authority of fishermen who are conversant with the river that the seine boats will catch two pink salmon to one sockeye. While it is intended that these boats will catch only pink salmon, the fact is that considerable sockeye will be caught as well. Protests have been made to the minister and to the department and indignation meetings have been held against this order in council. I have received many letters from individual fishermen, and I would like to quote one as follows:

> If they are allowed to use seines at the mouth of the river, it is goodbye fish on the Fraser. They are the most destructive means of fishing; they are floating traps, etc.

That is also the contention which was put forward when the deputy minister held his meeting in New Westminster. It is very unfortunate that this action should be taken at a time when a bill to do away with traps at the international boundary was being introduced into the legislature of Washington state. I have a newspaper report reading as follows:

> Abolition of Fish Traps is Proposed in Washington
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> Olympia, Wash., Feb. 13.—Abolition of fish traps and seine nets in Washington waters, was asked to-day in a house bill introduced by Hugh Herrin of Pierre county. Seine and drag nets, fish traps and wheels would be prohibited in rivers and lakes, and in all Washington waters when used commercially, the bill provided.

It was very unfortunate that this order in council should have been passed at a time when a bill to abolish traps was being presented before the Washington state legislature. Seine traps are used in the state of Washington close to the international boundary and the argument is put forward that we should also allow the use of seines. Several canneries have also always advocated the use of traps. As I say, it is most unfortunate that this action should have been taken just at a time we were trying to get through a sockeye salmon treaty and when a bill was being introduced in Washington state to do away with traps and seines. Between 1,200 and 1,500 fishermen will be thrown out of employment if this order in council is continued in force. I appeal to the minister to cancel it right away. I know the argument will be used that we are after quality fish, that we want to be able to command the best markets in Great Britain, but if the minister will look up the figure he will find that the great percentage of the catch of pinks is not made in the Fraser river. The last time this matter was before the committee I sent a map across to the minister which showed that the seines which are being allowed to operate in the Fraser river would operate in shallow water. Under this order in council, the seiners will be permitted to fish where individual gill netters now operate. I have been over this area oftener than even the deputy minister and I know that the gill netters use the shallow waters and the waters of the gulf. If the seine boats are permitted to enter this area, the individual fishermen

might just as well give up business entirely. I again repeat that this matter should have been referred to the fisheries committee so that full discussion could have been had in connection with the whole matter. More than fifteen hundred individuals will be affected and most of these fishermen are heads of families. The danger is that once these seine boats are allowed to operate, the cry will go up for the use of traps. The seine boats are practically floating traps and no gill net boat will be able to operate. These seine boats are powered and carry a crew of from four to seven. They use nets twelve hundred feet in length which form a purse eighty feet deep. When they get into a school of fish, they lift up the net and I have heard of instances where they have brought up from seven to eight thousand fish in one lift. Trouble is also caused by the breaking up of the schools. Once they are broken up it takes days for them to collect together again before making their way up the river to spawn. I ask the minister in all seriousness to reconsider this matter and have the order in council rescinded. When the matter was up before I asked him to send it to a committee and he said at that time he would consider my suggestion, but nothing further was done.

Mr. DURANLEAU: The day the letter was sent to my hon. friend this matter came up before the cabinet. It was considered from every angle and the cabinet finally came to the conclusion that the regulation should be adopted. The experts claim that this will not affect the fishermen of the Fraser river. The first reason is that when the fish come up the Fraser river they are not in good condition and would not be accepted to-day on the market. The second reason is that seining is restricted to an area largely south of the Fraser river waters in which practically no gill netting is conducted. The third reason is that the seine fishing is also restricted by the regulations to the period when the pink salmon and late run sockeye are moving in large quantities, that is from August 25 to September 30, and providing that in years when there is a large run of late sockeye, fishing may go on until the end of October. Fishing by gill netters will not be interfered with. They may fish as heretofore, but as previously pointed out, after the pink salmon or late-run sockeye reach the Fraser, very few of the fish taken will meet present canning requirements, and to the extent that the gill netters fish out in the gulf of Georgia, the catch will be as marketable as in the past. Hence, if seining were not allowed, the run of pinks and late sockeyes which are heavily fished in the United States would have to be permitted to supply largely our requirements on the Canadian side. It is estimated that a canned product having a value of from $500,000 to $1,000,000 is involved. The pack of pink salmon in the Fraser river and Puget sound for the past four years is as follows:

Year—	Fraser River Number of cases	Puget Sound Number of cases
1928..	2,881	5,816
1929..	158,290	727,748
1930..	30,754	3,712
1931..	21,534	705,580

This shows that the larger fishing is done at Puget sound. After our experts' explanation, we came to the conclusion that this regulation should be adopted and we are making a trial. We shall see how it works for a year and if it is advisable later on to amend the regulation, this will be done.

Mr. REID: But the department this year is departing from its oft-repeated policy which was to keep the seines down to as few as possible.

As regards the letter that I received on the tenth, it said that the department was considering the question. My complaint was that while I was told so in that letter, as a matter of fact the order in council had already been passed and I was not informed in the letter that the order in council had been passed. I should like to know who asked that seining be allowed in the gulf. If seining had been allowed close to the international boundary, it would have been bad enough, but not as bad as it is at present. If the minister will examine the map of which I sent him a copy and look at the area covered by the order in council, he will see that it practically blocks off the mouth of the Fraser river, and right to the waters where the gill net boats operate. It may be true, as he says, the Puget sound pack is high as compared with the Fraser river pack, but I would point out that the pack of pink salmon in the Fraser river was comparatively small as compared with the pack of pink salmon over the rest of British Columbia. The salmon caught further north in the Skeena and Naas rivers is caught in salt water and is I believe first-class fish and the pack in proportion to that of the Fraser river is very large. Why should the fishermen who are involved not be considered? I have here a letter from an association dealing with these conditions, part of which states:

> Under the circumstances why the department should even consider changing its oft repeated policy of eliminating seines wherever possible and permitting gill netting so as to employ more men in the industry is a puzzle

to fishermen, for more than ever before should the stated policy now be adhered to. Seines, merely mobile, floating traps, "ride" the schools of salmon to utter extinction, while gill nets allow a good escapement to seed the spawning beds.

I do not know whether a copy of that was sent to the minister, but it is sent to me by the British Columbia Protective Fishermen's Association.

Another letter states:

Unfortunately, however, your letter arrived this morning and in this evening's Province is an item under Ottawa date saying that seining has been granted in the Gulf of Georgia during the period between August 25 and September 30 in odd-numbered years and between September 1 and September 30 in even-numbered years. Also they may seine for sockeye during the "big run" of late fish until October 31.

This simply means farewell to the medium and late runs of sockeye—

The fishermen say that not only will the seines catch pinks but the late-run sockeye will be interfered with.

—so far as the Fraser river fishermen are concerned. There are always sockeye mixed up with pinks, or humpbacks, as the fishermen call them, and the ratio is often three pinks to one sockeye.

It certainly is disheartening to see such a fine bunch of settlers on the Fraser river, who are manfully struggling to keep off the relief lists, sacrificed for the canners and seine boat owners—

—who, I believe, are the ones who asked that seining be allowed in the gulf of Georgia. I believe the minister as well as his deputy know the fishermen have long protested the use of seines. When the deputy minister was out on the coast last fall he attended three, if not four meetings and at two at least vigorous protests by the fishermen were made against seining. Why the department has now departed from its oft-repeated policy is something the fishermen and the rest of us cannot understand. In spite of all the minister says, I believe the order in council should not be put into effect; it should be rescinded, especially in times such as we are going through when it is impossible for men to obtain any kind of job. This is going to affect 1,200 or 1,500 fishermen. Surely the minister will agree with me that the men who are in the business, who have fishing boats, should know something about the matter and should receive first consideration. I ask the minister seriously: Who requested this and why could the matter not have been placed before the committee on fisheries? Why was that committee appointed, if not to discuss matters of this kind? Those are two pertinent questions I should like to ask the minister.

[Mr. Reid.]

Mr. DURANLEAU: The request for that regulation was made by the United Fishermen's Association composed of over 1,000 fishermen, and also by all the canners in order to increase business, because they contended that those fish when caught up the Fraser river were no good for the market and this was a loss to the fishermen and to the canners. There was no objection on the part of the Fraser river canners.

Mr. NEILL: The canners.

Mr. DURANLEAU: Yes.

Mr. REID: Is it not a fact that the United Fishermen's Association is composed mostly of seine boat owners?

Mr. DURANLEAU: Some; not all.

Mr. REID: Naturally they would advocate this. The fact that seine boat owners urge more latitude in seining is hardly an argument.

Mr. DURANLEAU: But the government has to look after the interests of all the fishermen.

Mr. REID: There are 1,500 fishermen involved in this, who are protesting against the use of seines.

Mr. DURANLEAU: But it was represented and proof was put before the government that it did not affect the 1,200 fishermen of whom my hon. friend speaks, because those are salt water fish and when they are up the Fraser river, they are of no value to the market and are a loss.

Mr. REID: Proof was placed before the deputy at the meeting held in New Westminster. Protestations were made before a full meeting; they have always protested seining in that gulf.

Mr. DURANLEAU: The hon. member has asked why there was no meeting of the fisheries committee to study that regulation. Does the hon. member suggest that before any regulation is adopted it should go before that committee, and that we should wait until the house and committee are sitting before passing any regulations? The act gives power to the governor in council to pass regulations, and that power was exercised.

Mr. REID: To be fair, the minister should have added that the house was sitting at the time. We were here in the month of February when the order in council was passed. This is a matter of great importance, affecting 1,500 people. Protests were received by the minister and by many members of parliament, and it is of some importance. The minister

should have referred the matter to the fisheries committee. Earlier in my remarks I pointed out that had the house not been in session there may have been some excuse for enforcing some minor regulation, but when we were in session a matter of such importance as this should have gone before that committee for discussion and consideration. In regard to the inspection of hay and straw the Minister of Agriculture was good enough to move that the matter be referred to the agriculture committee. The Acting Minister of Fisheries asks: Would you have referred this matter to a committee? My answer is that I certainly would have, and why not when the house was sitting?

Mr. DURANLEAU: I ask the hon. member not to be so insistent; let us have a trial for a year, so that we may see what will happen. There is a difference of opinion among the citizens of the Pacific coast; some share my hon. friend's views, and others are of a different opinion, namely that the regulation does not affect the fishermen of the Fraser river. Let us try out the regulation, and if later on it is felt that it is not favourable, and that the injury done to the fishermen of the north Fraser river is greater than the benefit received by other fishermen, the regulation can be changed. Let us try it out for a year.

Mr. REID: I have not expressed merely my own opinion, but that also of the British Columbia Fishermen's Protective Association. Their statement is to the effect that the regulation is certainly detrimental, and that it means good-bye to fishing on the Fraser river. There will be practically a trap in the mouth of the Fraser river. As I have pointed out, this regulation is but the thin end of the wedge. Cannery interests, and others, have advocated that we put traps along the international boundary, and use seines, as the Americans are doing. Our effort has been towards conservation of the fish, and if possible to get the Americans to stop trapping and seining. It so happens that this year a bill was presented in the legislature of the state of Washington asking for the abolition of traps and seines on the American side. In the debate on that bill I understand it was stated that Canada did not use traps or seines. Now, however, they will be able to say, "Well, Canada is using seines, and so we will continue their use."

I still press that the regulation should be held up. The British Columbia Fishermen's Protective Association did not make merely a wild guess when they stated that 1,500 fishermen would be affected.

Mr. NEILL: Of course it goes without saying that seiners would be in favour of the regulation. After an argument has been advanced against a certain policy it seems to me that the suggestion to let the matter rest for a year is a very poor one. It is not always well to do that. Sometimes irreparable damage is done in a year's time, and to say that the Fraser river fishermen will not be harmed is a burlesque on the facts.

There is one point I should like to add to those mentioned by the hon. member for New Westminster. The minister has stated that through the use of seines the fish will be fresher when caught. As to the habits of these fish, they are out in the open ocean, on their own; that is, they are not associated with other fish. As they draw nearer fresh water they do not go straight up the river, but hang around. I do not know whether or not some biological condition is responsible for their actions; I am simply stating what they do, not why they do it., After playing around for some time, they bunch; that is the time for which the seiner is waiting. He does not take them when they are loose, because that would not pay. The placing of the seine is an expensive and long operation, The seiner waits until the fish school; they are schooling about the time they are ready to go up the river. Sometimes they hang around for weeks. The gill netter can afford to catch them before they school. They go in and out ahead of the seiners, catching the fish when they are separated, and are certainly of better quality. In a year when there was a heavy run of water probably the fish would not linger, but in a dry season they linger a great deal. Fish caught in the gill nets would be probably of a better quality, because they are caught at an earlier period. It is a well known fact that it does not pay the seiner to set for fish which are not more or less schooled or bunched together.

The minister suggests that we should try the regulation for a year. Fishermen on the Fraser river have been operating for over thirty years. It is now proposed in these days of unemployment and distress to do something which certainly will affect their livelihood. The business would be placed in the hands of a few seine boats employing half a dozen men each. Every seine boat would put at least twenty gill netters out of occupation. It will put them out of other fishing, because this is only a sort of fill in. If they lose at that time they are liable to lose their livelihood altogether.

I wish now to revert to the notorious order in council No. 206 passed on February 3,

providing that salmon could not be inspected and get a certificate unless they had been landed on the wharf where they were canned within twenty-four hours after being caught, unless being gutted and iced. On April 4, I brought the matter to the attention of the minister, stating that the British Columbia legislature had unanimously passed a resolution against this order in council. Upon that occasion I asked him what he purposed doing. His reply was that he would check up on the accuracy of the report—a poor compliment to me—and then would take the matter into very serious consideration.

From the votes and proceedings of March 29, of the legislative assembly of the province of British Columbia I read the following:

Half-past eight o'clock p.m.

The house resumed the adjourned debate on the motion moved by Mr. Loutet on March 21—

Eight days before.

—as follows:

That this legislature goes on record as being emphatically opposed to the order in council P.C. 206 passed on February 3, 1933, by the government of Canada, regarding the delivery of salmon at a cannery within twenty-four hours after being caught.

The debate continued.

Motion agreed to.

A week elapsed between the introduction of the motion and its adoption. Further debate ensued after which the motion was unanimously agreed to. In the light of the information which he has received I ask the minister now what his decision is. The document I have read is authentic; can the minister tell me whether or not he will revise his opinion, or what his decision will be?

Mr. DURANLEAU: I inquired this morning from the officials of my department; I find we had not as yet received any reply from the government of British Columbia on this question. No decision has been arrived at.

Mr. NEILL: I do not think the chances of ever receiving a reply are good. The government of British Columbia is in a state of flux at present, liable to dissolve into its constituent molecules at any moment. If on the fourth of April the minister was advised, as he was, it would not have taken him long to send a wire to the premier or provincial secretary asking about the passing of this resolution, which was passed on March 29. I think it was up to the minister to carry out his pledge that he was going to check it up, before now. Here at least it is the actual official report, the votes and proceedings of British Columbia. That has been in my possession for weeks; the motion was passed on the 29th of March, nearly a month ago. The session is wearing to its end; this is the last occasion to debate it, and still he says he is waiting for the premier of British Columbia to get around to expressing an opinion. What opinion does he need? The legislature passed it; fifty premiers cannot gainsay that. He did not oppose it; he had a huge majority, and we must presume that that is the reasoned decision of the legislature of British Columbia. I am sorry the minister has not got a definite statement; I must assume, I suppose, that he does not intend to change his decision.

I want to take this opportunity, while protesting against the lack of action, to refer to a meeting of the board of trade in Vancouver a few days ago. The record of it appears in the newspaper in big headlines three-eighths of an inch high, reading:

Reds blamed by Salmon Canners.
Objection to Twenty-four Hour Packing Order Charged to Communists.

It is popular nowadays to charge everything to the communists. I think we as public men ought to give a lead and cut out this nonsense—

Some hon. MEMBERS: Hear, hear.

Mr. NEILL: —that everyone who disagrees with us is a red or a bolshevik. The bolshevik phase is passing; we now call them reds. Here is a whole column of the views of a Mr. Richard Bell-Irving addressing the board of trade on that occasion. That was on the front page. What about the other side of the picture? Here is the other side, a little paragraph three inches long on the back page of a subsequent issue, and small headlines: "Denies Communists Prompted Protest. A man named Johnson, an executive of the fishermen's organization, says his organization is not communistic; it is affiliated with the trades and labour council; its membership consists of 1,200 fishermen of whom 300 are returned soldiers. Communistic principles are not entertained, and the body is merely endeavouring to improve fishing conditions." But that appeared on the back page in small print. The popular idea goes out to the world, or to British Columbia, that the fishermen have been caught with the reds behind them spreading this propaganda.

Mr. DURANLEAU: Do I understand that the Vancouver board of trade approved of the regulations?

Mr. NEILL: I would give them credit for more sense. This was an address given by Mr. Bell-Irving, and it is not on record that

any action was taken. He was speaking at a luncheon of the foreign trade bureau of the board. As to whether the board of trade of Vancouver ever took any official action, they may have, but I do not know.

I quote again from this article:

> Objections . . . were inspired by printed handbills distributed early in March by communists. The measure meets with approval of all "practical fishermen."

In those few words there are two deliberate falsehoods. The measure is not approved by all practical fishermen, and the objections to it were not inspired by printed hand bills distributed by communists early in March. I spoke in this house on the 21st of February, so the communists could not have inspired it by handbills early in March.

There was a reference in that same address of Mr. Bell-Irving to myself—a somewhat slimy reference; I will not bother the house denying it. It did not appear in the press; but it was taken down in writing, and he will be given an opportunity either to prove or to retract the statement. But I will not take the time of the house with my private troubles.

Then we come to another quotation about this meeting:

> Objections to the new regulations, Mr. Bell-Irving charged, did not come to the surface for a week or ten days, and were "inspired" by a few small operators whose single-cannery operations might be affected.

Note that. The regulations were printed in the Gazette of February 18—that was a Saturday—and I spoke on the subject the following Tuesday, the very first opportunity that presented itself; the statement that it did not come to the surface for a week or ten days is nonsense. He may have had privy knowledge of it before that, I do not deny it; because he was the instigator of the whole movement, but the general public knew nothing until the regulations were gazetted on the 18th of February. Then he says it is "inspired by a few small operators." It was said before to have been inspired by the reds, but now, in the same column, it is inspired "by a few small operators whose single cannery operations might be affected." Is there anything wrong in having a single cannery? Is the right of way in legislation and policy to be given only to those who control a dozen canneries? There is nothing improper about being only a single cannery operator; he has a perfect right to express his sentiment. It is rather funny, if he is an operator, that the operators should not all think alike in the matter, if it is as Mr. Bell-Irving says.

Then we find that Mr. Bell-Irving made a vigorous defence of the regulations providing that canned salmon can be given first grade certificates only if canned within twenty-four hours after the catch. That is a total misstatement; that is not the regulation, and no one knows it better than Mr. Bell-Irving. If it were that it would have quite a different aspect. The regulation is that it be landed at the cannery, where it is going to be canned heaven knows when, within twenty-four hours after being caught—a different proposition altogether. I have a letter in my possession from a cannery man who says he has known the fish to have been brought in in the evening and left on that hot floor—and it is a hot floor in the summer time in these little inlets where the sun beats down on a tin roof—from one evening until the following afternoon. Is that provided against in the regulations? No; it is only to compel them to bring it to the cannery wharf within twenty-four hours. That shows the insincerity of the thing.

Now let us go back to the reasons alleged for the objections made. Two contrary reasons are given—one that it is inspired by the reds, and the other that it is inspired by the single cannery owners. And they are classed both together as being unworthy of credit. What about the city councils? Why did three city councils unanimously pass a resolution against this order in council? And one was the city of Victoria, not noted to be red in its colouring. Boards of trade all over the lower province passed resolutions against it. Then we find a resolution introduced in the local house by Mr. Loutet, the able Conservative member for North Vancouver. Would you call him a red? We in British Columbia do not so regard him. Then again, what about passing it through the legislature? Are they red? They consist, if my memory is correct, of 48 members, 36 of whom are Conservative, 11 Liberal and 1 Labour. It is hardly a place one would expect to find red propaganda very successful. But the reds put it all over the legislature of British Columbia, it is suggested, and the other side was invited and expressed its views; the cannery men had a delegation. But the reds put it all over the legislature, or was it the men with the single cannery that did it? It is funny how it was unanimous.

But let me tell the minister this is the way to make reds. He says the reds distributed handbills. I know nothing of that. They may have done so; they may have taken advantage of the facts, but who brought the facts into existence? They may have taken advantage

of the gross injustice perpetrated by order in council 206 to arouse and stimulate discontent. That is their job and their policy, though I think it is a poor one. They may have done that, but the blame must lie at the door of those who passed the legislation which made it possible for a red to appeal to the sense of injustice aroused among the fishermen and the single cannery owners. This question was not discussed at the meetings attended by the deputy minister; it was not discussed in our fisheries committee; it was put through by political pull. I do not hesitate at all to make that statement.

Let me outline what happened. There are three large cannery companies who claim to represent ninety per cent of the output of canned salmon in British Columbia. I do not for a moment certify to that statement in the light of the contradictions to which I have already referred, but certainly they do represent a large portion of the canning industry of British Columbia. They were out, as they have been for many years, to stop competition in canning and in buying salmon. That is their purpose, and this is the latest method they have adopted to put through their policy. Unfortunately I happen to hold some bonds of one of those companies, so I may be held to be disinterested when opposing them, but I doubt very much whether even from the point of view of the canneries themselves this is a wise policy; in fact I am sure it is not. My idea of the way to promote success in any industry, canning or anything else, is to have shrewd and careful management and very close cooperation with customers and employees, and those with whom you have to deal. That is not the way these cannery owners are going about it; they are trying to create depression, distress and ill-will among the fishermen whose cooperation is of the greatest value to them. Therefore I say I do not think this is a good policy even from their point of view; certainly they should not go about trying to put their competitors out of business by political means.

At any rate they decided to try to put this over. They did not say anything at the meetings called for that purpose in British Columbia, to which they were especially invited and which were attended by the deputy minister or the minister himself. Not a word was said about it until after the minister had gone home and peace had descended. We thought we knew the worst that could happen to us, but then a delegation came to Ottawa. On January 20 the department went on record that they did not know anything about the matter. I heard some rumours about it and I wrote the department, who replied that there was nothing of the kind contemplated or had been brought to the attention of the department. Then on February 3 the whole thing was cut and dried and the order in council signed. All hon. gentlemen know that it takes quite a while to get an order in council signed after it has been prepared, so it is easy to imagine the rush with which this was put through. My letter was dated January 20, and I do not know what interval elapsed after that before the order in council was prepared, but certainly it was put through in a very short time.

The other day the suggestion was made that this was not going to work out in the way I predicted, that it would not do away with competition in buying from the fishermen. We were told that there were lots of canneries, that there were ten or fifteen in every district. There are thirty-six subdistricts in British Columbia—I counted them the other day—and last year there were thirty-five canneries operating. In previous years there have been as many as seventy-five, but last year there were only thirty-five. Some of these subdistricts may not have a cannery at all while others may have two, but I know of no subdistrict in my territory that has more than two. You know how easy it is for two competitors to get together and make an arrangement.

Mr. STEVENS: But there are only three districts.

Mr. NEILL: There are only three districts having supervisors, but they are so big that you could not carry out this plan within their borders.

Mr. STEVENS: That was the reference to the number of canneries in a district, not what my hon. friend is seeking to suggest now.

Mr. NEILL: I was referring to the Minister of Trade and Commerce, who said they were divided into subdistricts, and I was quoting the subdistricts. The three large districts about which the minister speaks now are so large that you could not carry out this twenty-four hour rule in any but district No. 1. Speaking on another subject, and indeed referring to this matter, the minister asked the other day why we should not try this out for a year, and then change it if it did not work out well. These identical words were used last year, Mr. Chairman, when the government introduced their system for the inspection of canned salmon. I took exception, not to the principle, which was

admirable, but to the method, which I said was entirely unsatisfactory and would prove unworkable. The argument advanced then was, "Try it for a year, anyway, and see how it works." We did not need to wait for a year; it proved so utterly ineffective that it had to be changed on three different occasions, so that finally the regulations occupied five and a half times their original space. I am not going into that just now except to say that I am going to take the minister at his word. Speaking of these inspection regulations in April last the minister said, "Well, try it for a year." We did not even try it for a year. The regulations did not come into effect until June 1, and they could not possibly apply to the inspection of canned salmon until a couple of months later. On February 3, however, five months later, it was suddenly found that they were all wrong, that they were all wet, although they had been changed three times. It was found necessary to change not a clause or a detail of administration but the whole system. I have here a quotation from a Conservative newspaper in British Columbia, no doubt inspired by the cannery interests. Here they make a report on this inspection; they say that the system became operative last June, and only about a little over one per cent were found unfit for the certificate. That is a fine record. There were 968,500 cases of salmon examined, and 1·2 per cent were found unqualified for the first certificate. That looks as though the pack had been pretty good, doesn't it?

The figures testify plainly—

This is not my opinion; this is the cannery-inspired information appearing in the press.

—to the quality of the salmon which go into the cans in British Columbia and to the efficiency and care which is used in the cannery operations, for members of the inspection board are experts of long experience and established reputation in the salmon trade, and canned salmon, which they find worthy of certification must be of unquestionable quality.

I suppose that was not intended to help put over this twenty-four hour deal. Then the picture changed suddenly; between January 20 and February 3 it was found necessary not to amend the regulations but to upset them altogether. Previously these highly qualified men looked at the salmon and their duty, according to their instructions, was to pass it if it was good and to condemn it if it was bad. What is the position with this new-fangled idea? If it is bad they can condemn it but if it is good they cannot pass it. It may be as good as any salmon they ever saw in cans, but they cannot pass it unless they get some proof that the salmon were landed at the wharf where they were afterwards canned within twenty-four hours after being caught. How can they find that out? A cannery man may pack 60,000 or 70,000 cases; he may have two or three canneries. His pack will be assembled in Vancouver, since that is the shipping point, and he may have 10,000 or 20,000 cases inspected. The inspector may find the salmon quite all right; it may be firm, well packed and complying with the law in every respect, but he cannot give a certificate until he has proof that it was landed on the wharf within twenty-four hours after being caught. How can he get that proof? I directed that question to the department, and months after the regulation was in force I was told that the matter was still under consideration. Is the cannery man to give the certificate? Is he to take an oath about something in regard to which he cannot be informed? Is some agent to do it? Who is to take the oath? And if it is not an oath it is a joke. The cannery man can say, "I saw a fisherman come to my wharf with some fish, but I do not know how long they had been caught. He told me they had been caught so many hours but I did not swear him. To the best of my knowledge and belief they were caught within twenty-four hours of being landed." That is what he is likely to say, and he would be a fool if he did not say so. But without the expenditure of an enormous amount of money and having an inspector at every cannery it will be impossible to find out whether the fish had been caught within twenty-four hours or not. This declaration will be a blot on the record of the department, which during the last ten years has been trying to cooperate with the cannery men on the one hand and with the fishermen on the other. Nothing should be passed here unless it has been first discussed at meetings at which all parties interested can be represented. In the past the meetings of the deputy minister were open to everyone, cannery men, fishermen and the public. Everyone was welcome and anything that could not be discussed was regarded with suspicion. This declaration, I repeat, will remain a blot on the record of the department until it is removed. Before I sit down I want to ask this question. Has the department, or have the officers, so far developed or conceived any system by which it can be proved to the inspectors that fish have been caught as required within twenty-four hours of being landed at the wharf.

Mr. DURANLEAU: Our inspectors obtain from the canners a sworn declaration to the effect; they have to ascertain that the fish have been taken within twenty-four hours of

being landed at the cannery. We are following a regulation similar to one which is in force in Scotland and is working quite satisfactorily there. I am afraid that my hon. friend did not understand me the other day when I told the house that I would await official confirmation of the resolution adopted by the house in British Columbia. I never questioned my hon. friend's statements, but I think it was fair for the government to await the confirmation of that resolution. I do not think however that even if that resolution were adopted it would alter the decision of the government in this matter. In my opinion my hon. friend, instead of helping the fishermen of the western coast, is injuring their business by his insistence in this regard. Our officials so far are of the opinion that the regulation adopted last year and reinforced by the one adopted this year will have the effect of enhancing the price of fish rather than reducing it.

Mr. NEILL: Who says that?

Mr. DURANLEAU: Our officials. As a matter of fact I can tell my hon. friend that the price of fish has gone up for this season by reason of the very fact that we have strict regulations which will maintain the best quality possible in our export fish. Recently it was advertised that owing to these regulations there had been an increase in the price from 30 cents per fish in 1932 to 40 cents in 1933. My hon. friend states that these regulations have been asked for by a limited number of canners who want to control the market. The information we have is that the companies who desire to have the regulations maintained put up ninety-three per cent of the pack. These companies own forty-two out of forty-four canneries which were operated last year. There are seventeen in number, and thirteen of these companies operate only one cannery each. It is obvious therefore that nearly all the small canners as well as the large canners favour the regulations. It is not a matter of only a few canners, but over ninety per cent of the canners are in favour of it.

Mr. NEILL: No.

Mr. DURANLEAU: And they contend that the price of fish is going up on account of these very regulations. I have here a statement prepared by an expert of my department and I wish to give it in full:

It is an acknowledged fact that following the development of sharp competition amongst the canneries in British Columbia the quality of the pack went down. This was due to the fish being too long after being caught before they were canned. A prominent reason for this was the distance that fish was frequently carried. The result of this, together with growing competition from the orient and United States, was that British Columbia fish were losing their position on most important markets.

Mr. NEILL: What is the date of that?

Mr. DURANLEAU: April 24, 1933. I asked for it because I think it is well that it should be placed before the committee.

To overcome this situation, inspection of the canned product was started last year.

My hon. friend referred to that regulation. He opposed it bitterly last year and now he admits that it was successful in its operation.

Mr. NEILL: After being five times amended.

Mr. DURANLEAU: Yes, but only in administrative details. It is always found necessary in important regulations of the sort to have minor amendments made. A few months' experience shows that slight amendments are necessary, but this regulation is to-day working in the interests of the fishermen.

Owing to the fact that there are five species of salmon, that the same species differs in quality in different areas and differs in the same area in different years, an adequate classification for inspection of canned salmon has so far been found in any country to be impracticable. Canada has gone further than any other country has yet been able to go, though its inspection is a minimum. It provides merely that fish that are fresh, firm, well packed and in good merchantable condition shall be entitled to a certificate, while all that are fit for human consumption but fall below these requirements shall be definitely marked "second quality," and those below second quality shall be confiscated.

Just when a fish ceases to be fresh and firm is a matter on which there is bound to be difference of opinion amongst experts, but there can be no doubt that fish begin to get soft practically from the time they are dead and that this process goes on slowly or rapidly, depending on conditions. This is recognized in the fish packing world. In Scotland, for instance, where herring is the main factor in the industry and where it is put up in barrels, it is required that fish to be entitled to the brand, must be placed in the barrels within twenty-four hours after being caught.

The board of inspection both before and since its appointment, strongly urged the importance of fish reaching the canneries promptly after being caught.

In no competing country are fish carried a greater distance than the amended regulation allows. As a usual thing the distance is very much less.

It is only when the quality of the pack as a whole is good enough that adequate prices can be obtained, and the fishermen consequently paid the best possible prices.

Mr. NEILL: It makes very little difference to me whether the minister expresses his own views or reads something from an expert, it all comes from the lost and found department anyway. He quotes the cannery men, and states that they represent ninety per cent, but how is that ninety per cent made up? The statement reads that it was subsequently strongly recommended to the department on behalf of those who put up over ninety per cent of the canned product. Yes, but the three big canning companies claim that they put up over ninety per cent of the product. I have no evidence that they do, but that is their claim.

Mr. DURANLEAU: There are seventeen companies.

Mr. NEILL: The next suggestion made is that they are going to ask for a sworn statement. The life of a cannery man is hard enough; he is losing lots of money and he should not be damned for the next world by being asked to take such an oath. He should not be asked to swear before God that the salmon was landed at such a time when in fact he did not see it landed. It may have been landed at another one of his canneries a hundred miles away. The minister refers to Scotland. Do they can salmon in Scotland to the extent they do in British Columbia? He speaks about herring in barrels, but are salmon packed in barrels? He tells us that the fishermen are going to get better prices for their salmon this year. Surely in vain the net is spread in the sight of any bird. These fishermen are not fools and they are not going to be caught by an argument as specious as that. I have the papers to prove my point, but I cannot lay my hand upon them at the moment. I have half a dozen articles taken from local papers, some of them quoting the chief supervisor of fisheries of British Columbia. He is an expert, and he states that the sockeye was practically sold out and it was inevitable that the price would rise. They are asking us to believe that the passing of this order in council was responsible. This order in council could not possibly take effect for months and months, in fact they do not even know how to enforce it, yet they ask us to believe that it was because of this that the price immediately shot up. My opinion is that this rise in price was because of the low pack in the past two years, coupled with the increasing demand in one or two countries. When the demand goes up, of course the price goes up. It would be much better from a political point of view for the government to claim that this rise in price was because of their stabilization measure. I have never hesitated to give the government credit for taking that action; I only wish they had gone a little further and included lumber. They did a good thing and perhaps it has stimulated the price so that it begins at 40 cents. After all, 40 cents is not such a spectacular price. We think of some British Columbia cannery men giving the fishermen 40 cents out of the generosity of their hearts, but it must be remembered the last year they were paying United States fishermen 40 and 45 cents. Quantities of salmon were brought in from the States and that price was paid in American currency. It is not such a great potlach to the fishermen to start the price at 30 cents. If the minister was sincere in talking about quality, why does he not give the regulations passed last year the year of trial asked for? The minister says that these regulations were amended in a few details, but I contend that they were amended in many substantial details. They were five and a half times as long as they had been previously. Will they show their sincerity by amending this regulation, and instead of having it read "landed at the cannery twenty-four hours after being caught," make it read "canned thirty-six hours after being caught"? I challenge the minister to consider this matter from that point of view.

Mr. REID: I have another matter I would like to bring to the attention of the minister in connection with Japanese fishing licences. I understand that in 1923 a reduction of 40 per cent was made in these licences and when the matter was considered by the committee in 1924 it was decided that no reduction would be made that year. It was later recommended by the committee that there would be a further reduction of 15 per cent for the season of 1925 and in the following year it was recommended that beginning with 1927 there would be a yearly reduction of 10 per cent, based on the number in force in 1926. As the matter had got into the courts it was decided that no reduction would be made until the courts had rendered a decision. The situation is becoming very serious. The total licences issued in the province last year were as follows:

Whites	6,486
Japanese	2,143
Indians	2,800

The situation is much more serious, however, on the Fraser river where the proportion of Japanese is much larger. In that district the licences issued to whites number 852 as against 586 issued to Japanese. These were

the figures for 1932 as given by the department. Because of the application made to the courts, I believe the yearly 10 per cent reduction was held up pending decision. As I understand it, since the passing of the statute of Westminster, Canada can now deal exclusively with such matters as the granting of licences. Some years ago certain associations protested against the cut, but at a meeting which I attended in New Westminster it was stated that these protests had been made under a misapprehension. Last year the association went on record as unanimously favouring the reduction in the number of licences issued to Japanese. In previous years the department has taken the attitude that these Japanese were working on the sea, and that if they were taken away from fishing it would mean just that many more on the land, but the fact is that they are going on the land in greater numbers than ever. The increase in population by birth is very rapid. Last year in the schools there was a 38 per cent increase in population of Japanese as against five per cent of whites. The question was raised in the British Columbia legislature last year and the Hon. Mr. Maitland made this statement:

Hundreds of false birth certificates have been issued in British Columbia, particularly in the case of orientals, Hon. R. L. Maitland, minister without portfolio, said in the legislature Monday, on moving second reading of a bill which would "tighten up" restrictions.

Under the statutes at present a citizen may take out a deferred certificate, he explained. "Japanese have been going back as long as twenty-five years ago in claiming birth in the province. As a consequence, many Japanese who were not born in British Columbia at all not only get certain fishing rights but passport privileges as British subjects."

Last year I brought up the matter—it does not touch the minister's department—regarding immigration and I then stated to the Minister of Immigration I believed more than fifty per cent of the Japanese in British Columbia were in that province illegally. I have before me the report of the Royal Canadian Mounted Police for the year ended September 30, 1932, in which I find a very serious statement and one that practically confirms what I said in the house at that time. This has a bearing on my appeal to the minister regarding the Japanese and fishing licences. On page 50 of this report I find the following statement by Superintendent Wood:

With regard to the Department of Immigration and Colonization, Superintendent Wood says:

"The investigation regarding the infractions of immigration and other acts of Japanese in British Columbia is still being carried on vigorously, and I am of the opinion that the situation is more serious than we previously imagined."

[Mr. Reid.]

This is the superintendent who is saying that it is more serious.

Mr. STEVENS: And prosecutions of those guilty of fraud were carried out.

Mr. REID: That is very true, but I am now coming to the fishery licences. Superintendent Wood says:

Recently the investigation has disclosed that numerous naturalization certificates are held by persons other than their owners in the Skeena river area. The number so held is estimated to be over 150, and one source of information places the number as high as 400.

This is the official report.

These certificates are being used to illegally obtain fishing licences.

That is a very serious statement and it should be taken due cognizance of. I am speaking particularly however of conditions in the Fraser river. I understand a movement was initiated by the British Columbia Protective Association asking the minister to continue the cut of ten per cent in licences until the Japanese were eliminated, as had been proposed a few years previously. The Japanese, I might say, are becoming arrogant on the Fraser river. The information is also given to me that they now dominate certain branches of the fishing industry on the lower mainland of British Columbia. I have before me a letter from a dealer in codfish in Vancouver who states, with regard to codfishing:

At present it is dominated and controlled by the Japanese. In Vancouver all the codfish brought in by any nationality is sold through M. Myamoto, a Japanese.

If, for instance, you went codfishing and brought your catch into Vancouver you would have to dispose of it through M. Myamoto.

He tells me in this letter that if I want any further information regarding the matter, he will be glad to give it. We have among our own nationals men who control certain industries, but the situation is more serious when you have a Japanese controlling a business in our own country because all his dealings are directed with more benefit to his race than to the white people of Canada. As I have stated the Japanese are becoming very arrogant on the Fraser river, and last fall I had drawn to my attention a case where they threatened bodily harm because a white man dared to be around one of the little islands in the mouth of the Fraser river endeavouring to catch some fish with a line. Another case occurred in the same year up north where a Japanese boat ran through a white man's boat and the two white men would have been drowned had they not been picked up by another fishing boat which happened to be near by. The Japanese use

people of their own race all the time. Their trucks take care of their own stores and practically all their business centres around the Japanese. Last fall, when the market in Japan was low, the Japanese saw to it that only Japanese on the Pacific coast received any consideration in regard to the sale of salted or smoked fish that was destined for Japan.

I am appealing to the minister regarding this; I am asking him on behalf of the Fraser river fishermen, who are unanimously in favour of the cut being continued, that he recommence the reduction of licences in so far as the Japanese are concerned. Our own people should be better looked after and encouraged. The argument formerly used that if you chased the Japanese off the rivers and the ocean, they would go on to the land, no longer holds good, because they are on the land anyway and in greater numbers than before, even though there are just as many Japanese fishermen. In my constituency there is one school of fourteen rooms. Eleven of them are wholly Japanese; one only is white and the others are half Japanese and half white. In a school not far from where I live, last year I saw eleven boys at play, nine of whom were Japanese and two white. That shows the extent of the growth in population of the Japanese on the land in British Columbia. The fishermen are now protesting and on their behalf I am asking the minister to consider recommencing the cut in the licences of the Japanese and favouring our own people.

Progress reported.

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

Tuesday, April 25, 1933

The house met at three o'clock.

PRINTING OF PARLIAMENT

Mr. W. C. S. McLURE (Queens) presented the first report of the Joint Committee on Printing.

PENSION ACT AMENDMENT

CHANGE IN PERSONNEL OF SPECIAL COMMITTEE

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister) moved:

That the name of Mr. Chevrier be substituted for that of Mr. Power on the special committee appointed to consider and report on Bill No. 78, an act to amend the Pension Act.

Motion agreed to.

RADIO BROADCASTING

APPROVAL OF PURCHASE OF CANADIAN NATIONAL RAILWAYS BROADCASTING STATIONS

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister) moved that the house go into committee to consider the following resolution:

That pursuant to the provisions of the Canadian Radio Act, 1932, the House of Commons hereby approves the purchase of the radio broadcasting stations and equipment of the Canadian National Railways by the Canadian Radio Broadcasting Commission for the sum of $50,000.

He said: In explanation I may say that this is a formal motion which is considered necessary as subsection (b) of section 9 of the Canadian Radio Broadcasting Act, 1932, provides that the commission shall have power, among other things to acquire existing private stations by purchase, subject to the approval of parliament.

His Excellency the Governor General, having been made acquainted with the subject matter of this resolution approves of the same, and recommends it to the favourable consideration of the house.

Motion agreed to and the house went into committee, Mr. Hanson (York-Sunbury) in the chair.

Mr. LAPOINTE: I would like to know how many stations were owned by the Canadian National Railways, and where they are situated.

Sir GEORGE PERLEY: There are five stations; Ottawa, Moncton, Vancouver, Halifax, and Montreal.

Mr. CASGRAIN: Are they acquiring the five?

Sir GEORGE PERLEY: They are acquiring the five.

Mr. CASGRAIN: For $50,000?

Sir GEORGE PERLEY: For $50,000, a very moderate price. But of course it is only a transfer from one body which acts for the people of Canada to another similar body. It is like transferring property from one pocket to another.

Mr. LAPOINTE: Could the minister say how much these stations cost the Canadian National Railways?

Mr. MANION: I think they cost $123,000.

Sir GEORGE PERLEY: The figure I have here as the original cost is $132,000 in all. During the sittings of the committee last year the Canadian National Railways stations were valued at $70,000.

Mr. ELLIOTT: I wonder if the minister would tell us how this sum of $50,000 was arrived at.

Some hon. MEMBERS: Carried.

Mr. LAPOINTE: Order. We will carry this when we are ready.

Sir GEORGE PERLEY: Negotiations took place between the Canadian Radio Broadcasting Commission and the Canadian National Railways with regard to the acquisition of these broadcasting stations. I see by the memorandum before me that these negotiations were carried on for six weeks or more in an endeavour to arrive at a fair valuation for these stations. Eventually it was decided that the fair price for them at the present time would be $50,000, and that amount was fixed.

Mr. ELLIOTT: Is there any apportionment for each station or is that the sum total?

Sir GEORGE PERLEY: There is no apportionment whatever, but for the information of my hon. friend I may say that I have the original cost of these stations, which is nearly twice the amount at which they were valued last year. According to these figures, more than half the total cost was represented by the stations in Ottawa and Vancouver.

Mr. EULER: May I ask whether the $50,000 hereby appropriated is to be taken from the funds collected from licence holders?

Sir GEORGE PERLEY: The money for these stations will have to be taken out of the money voted by parliament for the radio broadcasting commission.

Mr. EULER: I am afraid the right hon. gentleman did not get my question. I take it that the money will be taken from the fund created by the collection of the $2 licence fee from licence holders.

Sir GEORGE PERLEY: This matter was discussed the other day, and I do not want to embark on a further discussion at this time. As a matter of fact the fees go into the consolidated revenue fund and can be paid out only by a vote of parliament. For that reason we have had under consideration a vote of $1,000,000, which really represents money that is being collected in fees, and which in one sense of the word might be said to belong to the radio commission. It must be voted by this parliament, however, before it can be released. Of course the money for the purchase of these stations and for everything else must come out of the money voted by parliament, and I understand that to date the collections from fees are larger than the amount being voted.

[Sir George Perley.]

Mr. MERCIER (St. Henri): I understand that the price has been fixed at $50,000. These stations were built and owned by the Canadian National Railways as a state project, and this amount of money already has been paid by the public, so I do not know why the radio commission must pay it a second time. These stations still belong to the public, so I think the price should be $1 and no more.

Mr. ILSLEY: Would the right hon. gentleman say what is the power of the Moncton station?

Sir GEORGE PERLEY: The station at Moncton has 1,500 watts.

Mr. ILSLEY: In the report brought in about a year ago by a committee of the house it was recommended that there should be one 50 kilowatt station or three 500 watt stations in the maritime provinces.

Sir GEORGE PERLEY: Pardon me; I think I made a mistake. I think the Moncton station is 500 watts. I read it as 1,500, but I think it means one 500 watt station.

Mr. ILSLEY: Could the minister tell the committee whether it is proposed to have one powerful station for the maritime provinces or three 500 watt stations? The report of the committee was not definite on that point; it was left to the government.

Sir GEORGE PERLEY: I am sorry I have no information in that regard, but the radio estimates will be up again in a few days and the hon. gentleman can ask his question then.

Mr. POWER: I should like to know why it is necessary to present a bill in order to effect this purchase.

Sir GEORGE PERLEY: I thought I had already explained that. As I understand it, it would have been quite in order to have included this purchase in the estimates, with an explanatory note, but that was not done. Now this arrangement has been completed, and subsection (b) of section 1 of the broadcasting act requires that all purchases of private stations shall be approved by parliament. This resolution is introduced for the purpose of securing that approval, and if the committee passes the resolution, as I hope it will, we intend to move that a message be sent to the Senate asking their concurrence.

Mr. MACKENZIE KING: Is it not a fact that the purchase of the stations and equipment has been made already, and was made in February?

Sir GEORGE PERLEY: The arrangements have been made but the money has not been paid.

Mr. MACKENZIE KING: But is it not a fact that as between the radio commission and the railways the transaction has taken place and been approved by order in council?

Sir GEORGE PERLEY: The right hon. gentleman is quite correct. I said this matter was under negotiation for some time, and the final arrangements were made. The purchase cannot be completed, however, until parliament gives its approval.

Mr. MACKENZIE KING: So far as parliament is concerned its function is merely that of a rubber stamp with regard to a transaction that has been completed.

Sir GEORGE PERLEY: I am sorry I cannot agree with the right hon. gentleman. If parliament decides not to approve of this transaction it cannot be carried out.

Mr. MACKENZIE KING: Is it not a fact that the radio commission is in possession of these stations and equipment?

Sir GEORGE PERLEY: I cannot answer that question definitely. I know they are in possession of one of the stations, at all events, but I do not know whether they have taken them all over. Possibly they may have done so, but the transaction cannot be completed until the money is paid, and the money cannot be paid without the approval of parliament.

Mr. MALCOLM: I object very much to supporting this resolution without some further explanation by the minister as to the basis upon which the price was fixed for these stations. This is the first time parliament has been asked to approve of the purchase of privately owned stations by the commission. The minister admitted that the original cost of these stations was $132,000. The stations belong to the Canadian National Railways, and we are asked to vote only $50,000 for stations and equipment that admittedly cost $132,000. There must be some basis for the decision to buy these stations at about forty cents on the dollar. Now, inasmuch as the radio commission in the future will take over other private stations is it the intention of the government or of the commission to pay only forty per cent of the cost of such stations when acquired, or is the Canadian National the only owner of stations to be sacrificed in the matter of purchase price? I do submit that the minister is not giving us sufficient information with respect to the basis upon which this amount was arrived at. There are in Canada other stations that have been built by private parties at considerable cost, and I should naturally assume that in acquiring these private stations the owners would expect to have at least their capital investment returned to them by the radio commission. This vote would almost indicate that some of the best stations in Canada are to be bought at forty cents on the dollar.

Mr. CASGRAIN: Expropriated.

Mr. MALCOLM: Will the minister tell us how the amount was arrived at.

Sir GEORGE PERLEY: My hon. friend has asked for information and he is quite entitled to it, but I am sure he wants to be fair—

Mr. MALCOLM: I do.

Sir GEORGE PERLEY: —and he will realize that I have already given the explanation. Last year in the parliamentary committee the Canadian National stations were valued, being considered at that time to be worth $70,000. It is true they cost more, but that was the valuation placed upon them last year, when the bill was under discussion in the radio committee. Since that time there has been a further depreciation and it is considered that a fair value to-day would be $50,000. That amount was arrived at by arrangement between the officials of the Canadian National Railways and those of the radio commission.

Mr. MALCOLM: I submit that the value of a station cannot be determined only by what it cost, less depreciation; there are other factors that should enter into the calculation. For example, a station has earning power. Businesses are sometimes valued according to their capacity to earn money, and if you are going to value stations regardless of that capacity and value them only at actual cost less depreciation, then I believe you will buy some very cheap stations when they are taken over. It should be understood by the house and by those who own stations just what the basis of calculation will be when stations are taken over in future.

Mr. CASGRAIN: Who fixed the amount of $50,000 for these stations? On what basis of calculation was that figure arrived at?

Sir GEORGE PERLEY: The amount was fixed by arrangement between the Canadian National Railways and the radio commission after several weeks of discussion.

Mr. CASGRAIN: I understand then that the Canadian National Railways have decided to accept a considerable reduction, with the

result that there will be a further deficit which the railways will have to register.

Mr. MANION: Perhaps I may be allowed to say a word in this matter from the railway standpoint; I may be able to add something to the discussion.

An hon. MEMBER: Hear, hear.

Mr. MANION: The proposal for the acquisition by the radio commission of these stations was not made at all by the government. The directors of the Canadian National Railways dealt with the matter and decided that the railways should get out of the radio business inasmuch as it was costing them $80,000 per year,—at least, that was what it cost in 1932. It might be of interest to put on record the figures showing the cost in other years. In 1931 the cost was, in round figures, $326,000; in 1930, $420,000; and in 1929, $441,000. I have the figures going back over previous years, but that was the highest, $441,000 in 1929, and last year the cost was $80,000. The Canadian National Railways, through the directors and management, came to the conclusion that they were not getting anything out of the radio business with a cost amounting in 1932 to $80,000.

Mr. BEAUBIEN: Is that over and above the revenues?

Mr. MANION: That is what it cost them.

Mr. BEAUBIEN: In excess of the revenue?

Mr. MANION: That is the statement as it was given to me. The directors, as I say, decided to get out of the business and they approached the radio commission. It is true, as has been pointed out, that these stations cost $132,000, but that was some years ago, and the directors of the Canadian National decided that, taking depreciation into account as well as the cost per annum, it was wise for them to give up the business. They therefore approached the radio commission and after some negotiation the figure of $50,000 was decided upon, with which they were perfectly satisfied. They point out as well, in the statement they have made in regard to the matter, that the whole staff of the Canadian National radio broadcasting division has been taken over by the Canadian radio commission. They consider that they have made a very good deal in getting rid of their radio broadcasting facilities by selling them to the radio commission.

Mr. LAPOINTE: May I ask the minister whether the Canadian Pacific Railway is also going out of the radio broadcasting business?

[Mr. Casgrain.]

Mr. MANION: I am afraid my hon. friend will have to ask the Canadian Pacific Railway.

Mr. LAPOINTE: I see.

Mr. MANION: I do not know what they will do, but we are vitally interested in the Canadian National Railways. What the Canadian Pacific Railway does with its private affairs is entirely its business.

Mr. ELLIOTT: By whom was the appraisal made as a result of which the sum of $50,000 was accepted?

Mr. MANION: I do not think it was done as a matter of appraisal but, as the acting leader of the house has said, as a result of negotiations.

Mr. ELLIOTT: Without appraisal?

Mr. MANION: Just as any other group wishing to sell something to someone else would negotiate with the other parties who wanted to buy, so was it in this instance. Did I understand my hon. friend from Quebec East to say that the Canadian Pacific Railway was going out of the radio business?

Mr. LAPOINTE: No; I was merely asking whether they were going to go out of it.

Mr. MANION: As the hon. gentleman sat down I thought he said they were.

Mr. LAPOINTE: I don't know; I am simply asking for information.

Mr. CASGRAIN: They will have the advantage over the Canadian National Railways.

Mr. MANION: I do not think it is an advantage but a disadvantage.

Mr. EULER: It seems to me there is a very important principle involved in the buying of stations. The right hon. gentleman a moment ago said that the price was fixed at $70,000 by the radio committee last session. I happen to have been a member of that committee and I am sure that the committee itself set no values on any stations whatever. Possibly values were brought in by the engineers of the radio branch of the Department of Marine. The point I desire to make is this. I have no fault to find if the government allows nothing for goodwill; in fact, I think there is an element of danger in the future acquisition of radio stations, and I believe it was pretty definitely brought out and established in the proceedings of the radio committee last year that no amount should be allowed for goodwill for the very good reason that all radio stations were operated under licence, and the licence

expired in all cases within the year, so that no goodwill was established. It was pretty definitely laid down and perhaps was recognized that in the purchase of these stations no private owners of radio stations should expect to be paid for goodwill, no matter how profitable their stations may have been. I think that the government in future purchases of radio stations should definitely and absolutely bear in mind that when they buy stations they should pay nothing for goodwill, because that was the understanding in the radio committee last year, and it is important.

Mr. CASGRAIN: I think there is a great principle involved in this matter. When the Canadian National Railways a few years ago embarked on the policy of radio broadcasting this policy was criticized a good deal by hon. gentlemen opposite when they were on this side of the house. At that time they said it was not right, that it was going to cost a lot of money. To-day we find that these same hon. gentlemen now that they are in office are trying to go out of the venture and to turn it over to the radio commission. As pointed out by my hon. friend from Quebec East, the advantage that is to be derived from the radio will all accrue to the Canadian Pacific Railway. That company will have the advantage of the operation of stations which they built and which they will continue to run in the future. By means of this legislation the administration is putting the Canadian National Railways in a most disadvantageous position as compared to the Canadian Pacific Railway. The Canadian Pacific will have an advantage over the Canadian National. It is by such tactics that the government is curtailing the activities of the Canadian National Railways. I think this resolution should be considered most carefully as it seems to me to be a step in the wrong direction and one which will enure to the benefit of a competitor of the Canadian National Railways.

While I am on my feet I should like to ask the leader of the government if it is the intention of the government to take similar action in connection with stations operated by private individuals and companies. I refer particularly to the station operated by La Presse, to station CFCF and to the station recently licensed and operated by La Patrie. Is it the intention of the government to take over these stations and, if so, what basis of valuation will be used?

Sir GEORGE PERLEY: Will the hon. gentleman tell me where the broadcasting stations of the Canadian Pacific are located?

Mr. CASGRAIN: I do not know where they are but if I am not mistaken an offer was made to the committee which was discussing this matter last year. A proposition was put forward by this railway to the government for the taking over of their broadcasting stations.

Mr. MORAND: I do not think any better example of an attempt to make political capital out of these broadcasting stations could be found than that which is evidenced right now.

Some hon. MEMBERS: Hear, hear.

Mr. MORAND: Hon. gentlemen opposite must realize how ridiculous is their position. The Canadian Pacific Railway own no broadcasting stations and they had none last year when the committee was sitting. They have a phantom call letter which they use through other stations but they are not in the broadcasting station business. An effort has been made to show that one railroad is being discriminated against. It is nothing more than an effort to make political capital out of this matter.

Mr. MARCIL: Mr. Chairman, I have no doubt that the Prime Minister of this country has a perfect right to introduce a resolution of this character, but I understood that such matters were under the control of the Minister of Marine (Mr. Duranleau). Has the minister given up his job in this connection? If these matters are to remain under his control, what will be his policy when it comes to buying other stations?

Mr. LAPOINTE: The radio business is under the control of the Minister of Marine. As a member representing the province of Quebec of which my hon. friend is the representative in the cabinet, I resent this matter being put through by anyone other than the Minister of Marine. What will the minister's policy be when it comes to buying station CHLP as well as the other stations in the Canadian National system. I do not think my hon. friend should allow any one of his colleagues, let alone the Prime Minister, take charge of his department and move a resolution which should be moved by the Minister of Marine.

Mr. DURANLEAU: The leader of the government is a proper person to present such a resolution to this house. I had thought that this resolution would have been adopted without much discussion. It is quite evident that hon. members opposite are trying to make

political capital out of this question. The purchase of the Canadian National system by the radio commission is the best arrangement which could be made under the circumstances. Everyone knows that.

An hon. MEMBER: I do not know it.

Mr. DURANLEAU: We are purchasing five stations for $50,000. The radio commission went to the trouble of ascertaining just what these stations had cost, and it was found that the total cost amounted to $132,000. My hon. friends are asking if this is to be the basis upon which purchases will be made in the future. The basis of a purchase made by mutual agreement is the one accepted by the parties to the agreement. In case of disagreement, the parties will resort to arbitration. Then it will be the duty of the arbitrators to determine, according to the statute, the basis of the price and to decide whether an allowance for good-will will be made or not. I hold that this particular purchase is in the interests of the radio commission and of the Canadian National Railways. Radio broadcasting was not a profitable business for a railroad company, and the Canadian National Railways wanted to get rid of their stations. The Canadian Pacific Railway never were in this business.

Mr. CASGRAIN: They are broadcasting.

Mr. DURANLEAU: Hon. friends opposite are trying to make political capital out of this matter. They claim that we are trying to place the Canadian National Railways in a disadvantageous position as compared with the Canadian Pacific and they made that claim knowing that the Canadian Pacific did not own any radio station.

Mr. ELLIOTT: By whom was the valuation made?

Mr. MANION: I think I can answer that question. The board of directors of the Canadian National Railways in consultation with the management and without consultation in any shape or form with this government decided to sell the broadcasting system of the company. I repeat that that decision was arrived at without consultation with this government. They decided to get out of the business because they considered it was a losing proposition.

Mr. RALSTON: The deputy minister is on the board.

Mr. MANION: He is one of seventeen members on the board. My hon. friend, on one of his periodical visits from Montreal, now claims that the deputy minister was on the board. Certainly he was on the board. The deputy minister was on the board in 1929 when my hon. friends in the late government permitted the Canadian National to commit the country to $250,000,000 worth of expenditure. If that government was willing to take all that responsibility, probably we shall have to take it for this. But the deputy minister was not instructed by this government. The board of directors of the Canadian National Railways decided to sell; they approached the radio broadcasting commission—and I have the correspondence under my hand—and the radio commission made them an offer of $50,000 plus rents, which have not been mentioned here, for the broadcasting studios in the hotel at Halifax, the hotel here, the office at Moncton and the building in Vancouver, so that they pay rents as well. After some consideration by the Canadian National and the radio broadcasting commission, the offer of the radio commission of $50,000 was accepted. We were not consulted about it and knew nothing about it as a government until the transaction was completed.

Mr. SPEAKMAN: The Minister of Railways gave us the annual cost to the Canadian National Railways of the broadcasting system during past years running from $80,000 last year to as much as $400,000 a few years ago. Was that cost wholly connected with the broadcasting or did it include receiver sets on train coaches and so forth, the whole receiving end as well?

Mr. MANION: It would include all that, although it is not set out in the statement, except that it was operating expenses.

Mr. SPEAKMAN: Let me ask one other question. The mere sale of broadcasting stations does not in any way preclude the Canadian National Railways from utilizing the broadcasting stations by setting up the receiving system?

Mr. MANION: No but they have gone out of that.

Mr. SPEAKMAN: Do they intend to continue with that end of it?

Mr. MANION: Not so far as I know.

Mr. ELLIOTT: I gather from the minister's remarks that no valuation has been made of the stations by anybody familiar with the value of such stations.

Mr. MANION: The leader of the government stated that a valuation was made last year, and they were valued a year ago at $70,000. I have no further information than that.

Mr. ELLIOTT: That was the valuation of the committee and it was not accepted.

Mr. MANION: I do not know.

Mr. RALSTON: The Minister of Railways, in one of his periodical outbursts of irresponsibility, has not added very much to the sum total of the debate, particularly in so far as valuations are concerned. He wants to tell us how the valuation was made and he is very careful in replying to the hon. member for West Middlesex for fear the Minister of Marine may get up and stub his toe in some way. The Minister of Railways tells us that of course he knows nothing about the matter and was not consulted in the slightest. The board of directors of the Canadian National, on which there was sitting the deputy minister who, I presume, reports to his chief once in a while, solemnly sat in their office and made an appraisal of these stations at $50,000 although they had cost $132,000, and the Minister of Marine says: I will give you $50,000 for your stations. Neither one of them nor any other member of the government has yet been able to tell us on what basis this appraisal was made, whether it was made on replacement value or on a basis of revenue. Somebody said that depreciation was allowed, but we have not been told how much it was or at what rate. Who were the experts on the board of the Canadian National who knew what the depreciation should be on a plant of this kind? Not a suggestion has been made as to any really businesslike valuation. What happened was that a trade was made between two departments. The radio commission wants as good a start as it can get and it takes over a plant which cost $132,000 for nearly one-third of its value. The Minister of Marine starts out with an advantage over the Minister of Railways and the latter does not seem particularly concerned about the fact that he is giving away this plant which is worth $132,000. He immediately and characteristically goes back to 1928 and 1929 when large expenditures were being made, when he voted for them, when every member on the government benches voted for them, when every member in the railway committee voted for them, and now he wants to draw that red herring across the trail. The whole thing plainly and simply is this: that the radio commission is going to take this over at junk value in order that it may make the best showing possible and the interests of the Canadian National Railways are permitted to drift entirely into the background in order that the Minister of Marine may make a good showing with his commission.

Mr. MANION: I do not wish to prolong this debate, but when the hon. gentleman talks about irresponsibility I do not know anybody who is better authority on it than he is. I pointed out that this government had nothing whatever to do with the matter. I should like to indicate, what my hon. friend does not seem to understand, namely that the board of directors of the Canadian National Railways and not this government are handling the affairs of that railway so far as matters of this kind are concerned.

Mr. RALSTON: My hon. friend just a few nights ago admitted very frankly that the board of directors of the Canadian National was more or less a political organization.

Mr. MANION: I did not make any such statement. There was an observation made in the house by another member that the appointments were largely political, meaning that they came largely from one political party. That is probably true; I do not question that. So far as the directors of the Canadian National Railways are concerned, they have been running the business of that railway and they and the management are the people who decided this matter.

Let me read the first few paragraphs of a statement which was handed to me by the Canadian National Railways and which is as much as I and this government know about the matter; except that we have to approve it just as parliament has to do. This is a statement dated February 10:

> The board of directors decided in October, 1932, that we should take prompt steps to dispose of our radio broadcasting station and studio facilities and considered it desirable that the Canadian radio commission should be invited to acquire the Canadian National Railways station and studio facilities on a basis to be mutually agreed upon.
>
> Negotiations were entered into with the radio commission through the director of publicity—that officer having taken charge of the radio activities of the Canadian National Railways in 1931.
>
> The radio broadcasting commission has now made an offer of $50,000 for our facilities and also expresses its willingness, if its offer is accepted, to take over the personnel presently employed in the radio branch.
>
> The transfer of the Canadian National Railways radio activities to the commission would effect a reduction in the railway's payroll of $45,000 per annum and a total reduction in expenses, founded upon 1932 experience, of upwards of $80,000 per annum.
>
> The capital investment of the railway in the broadcasting facilities involved in the proposed transaction amounts to approximately $132,000 before depreciation charges. These depreciation charges on radio equipment could not fairly be assessed at less than 7 per cent per annum, particularly in view of the obsolescence factor.

I do not wish to read the balance, but those are the facts as given to me by the management of the national railways. I sub-

mit again, and I deny to my hon. friend the right to contradict my word, that the government had nothing whatever to do with directing the Canadian National to get rid of the stations, but my own personal opinion is that the railway is well rid of the broadcasting. I submit that they should never have been in the radio broadcasting business. One of the greatest wastes that the railway made was that $400,000 which was spent in 1929 under the management of a group of directors appointed by my hon. friends opposite. I submit that one of the biggest blunders which they made was to put radio transmitters on the trains between here and Montreal. They were merely in the road, and to-day they have been taken off because they were of no use. The board of directors and the management decided that they would be better off without this equipment, and I think the railway did pretty well to get rid of it for $50,000.

Mr. MALCOLM: I wish the minister would continue reading the statement. It gives a basis of calculation. He mentioned seven per cent annual depreciation. If he will continue reading the statement we shall know on what basis the price was decided.

Mr. MANION: I shall be very glad to do it. I simply did not wish to take up the time of the house. The statement continues:

The director of publicity—

That is Mr. Thompson, who was put in charge of their publicity in 1931:

—recommends that the offer of the radio commission be accepted subject to an inventory of the facilities transferred to the radio commission being made and accepted by the commission so that the assets involved in the transfer will be definitely established. A short statement of the facilities in question is attached.

If the offer of the radio commission of $50,000 for the Canadian National Railways radio broadcasting facilities is accepted, an agreement will have to be made between the railway and the radio commission for the use by the commission of studio and office space in our structures at the following points: Chateau Laurier, Ottawa; Nova Scotian Hotel, Halifax; Canadian National Railways office building, Moncton; and the Canadian National Railways station at Vancouver. The rental fixed would include electricity and janitor service and it should be possible to make an equitable arrangement covering the whole of this feature of the contract.

The commission would also be required to take over certain contractual obligations now in existence between the railway, and the owners of the Jackson building in Ottawa and the King's Hall building in Montreal, the former being a building on which the aerial towers of CNRO are placed and the latter a building in which the Montreal radio studios of the railway are situated.

[Mr. Manion.]

The attention of the board is especially drawn to the fact that the Canadian Radio Broadcasting Commission desire to take over the facilities as of March 1, 1933.

Then there is a letter which I hardly need read from Mr. Hector Charlesworth to Mr. Thompson, director of publicity, dated February 9, 1933, in which he makes an offer of $50,000. He goes on to say that they are going to take over the personnel, a total of 21, of all classes.

The next statement which they handed me was an inventory of the radio broadcasting stations, showing the stations originally valued as follows: Ottawa, $37,938.44; Moncton, $25,765.19; Vancouver, $37,774.35; Halifax, $8,930.22; Montreal, $21,683.88.

The final statement which they handed me was one of the expenses in the past few years, as follows:

1923	$ 10,146 06
1924	122,466 01
1925	240,686 49
1926	253,062 51
1927	285,604 30
1928	317,278 88
1929	441,082 00
1930	420,028 17
1931	326,248 32
1932	80,384 01

That is all that I have. This statement was given me by the Canadian National Railways at my request when I heard for the first time that they were anxious to sell the broadcasting facilities to the commission.

Mr. MARCIL: One thing has been made clear in this discussion. The minister states that this is a bargain between two commissions and that the government assumed no responsibility in the matter and knew nothing about the transaction, and that parliament is simply called upon to vote the money, and that is the end of it. I think the minister has made a good defence of his department, but I should like to hear from the Minister of Marine a statement of the future policy of this commission, whether more than one station is to be acquired in each city. I think the house is entitled to that information. We are all interested in the success of this enterprise, and the minister might tell us what is the future policy regarding the acquisition of stations. Is the commission going to acquire one station in each city, or two or three, or one or more in each province? What is the intention of the government? I think we are entitled to an answer. We are all anxious to make radio broadcasting a success in Canada, and I should like to know what I am voting for, and what this resolution means. Does it

mean the acquisition of more stations next year, or what does it mean?

Some hon. MEMBERS: Carried.

Mr. CASGRAIN: I think we should have an answer from the Minister of Marine or the leader of the government. The hon. member for Bonaventure has put a question along the same line as I myself put to the leader of the government a few moments ago. What I want to know is whether this policy which we are called upon to confirm to-day is going to be followed up by a similar policy next year and the acquisition of more stations. How many more stations shall we be called upon to acquire and vote money for next year, and on what basis are these purchases to be made?

Mr. SPENCE: Wait till next year.

Mr. CASGRAIN: Listen to me. You will have your turn to speak in a minute. I have asked the leader of the government if it is the government's policy to acquire other stations, such as CKAC, the station of La Presse, Montreal; CHLP, of La Patrie, Montreal, and other stations in that city, as well as other stations throughout Canada. Has the government that policy in mind, and is this the first step in that direction? My hon. friend from Bonaventure has put a reasonable question to the government, and I do not think the Minister of Marine should answer only with a smile. We like his smile, but we should also like to have his answer. We should like to have his own opinion and his own thoughts, not merely the thoughts of his leader. I should like to have an answer to the questions which I put to him and which the hon. member for Bonaventure put, and if he cannot answer he might ask the Minister of Railways, or possibly the leader of the government, what is the policy of the government in regard to this matter.

Some hon. MEMBERS: Carried.

Mr. CASGRAIN: No, I am waiting for an answer.

Sir GEORGE PERLEY: Might I suggest to the hon. gentleman that these are questions that might very well be asked when we are discussing the radio estimates.

Mr. MALCOLM: No.

Sir GEORGE PERLEY: Excuse me. Let me suggest that as a matter of fact there is no policy laid down that I know of for the radio commission in regard to buying stations or anything of that kind. The radio commission was created by parliament and given great powers. It was appointed under the act of last session which was approved by the whole house. These men have been carefully chosen and must be given an opportunity to develop their policy as they go along. I think the hon. gentleman realizes just as well as any of us that in advance it is impossible for us to tell him what stations the radio commission will buy, or anything of that kind. If they should decide to buy private stations, then in the negotiations between the radio commission and the owners it will be decided what price is to be paid. It seems to me that the radio commission should be given a fair chance of developing their work.

Mr. MALCOLM: I know, Mr. Chairman, that it is impossible for us to move an amendment to increase the expenditure of money. I think, however, that every member of the house realizes that a very serious principle is involved in the passing of this resolution. Unquestionably the radio broadcasting commission had the right to acquire every station in Canada. It was intended that they should have full charge of radio broadcasting throughout this dominion eventually, and if they are to have full charge they must acquire stations in the future.

My first objection to the resolution is that it does not deal fairly with the Canadian National Railways.

Some hon. MEMBERS: Oh, oh.

Mr. MALCOLM: If hon. gentlemen will possess themselves in patience I will try to prove why I do not think we are doing so.

An hon. MEMBER: Buying a white elephant.

Mr. MALCOLM: What the Minister of Railways pointed out with regard to the cost to the Canadian National Railways of radio broadcasting is quite correct. It was an expensive service to administer. Anyone who holds that it was not a necessary service is quite justified in taking that position. But as to the losses, one must remember that the Canadian National Railways operated a radio broadcasting service without revenue. They did not operate as a commercial station. They gave radio service to passengers on their trains; which was the purpose for which their stations were established. Whether or not the service lost money has no bearing at all on the value of the broadcasting equipment. Other stations operating as commercial stations are making money and have spent large sums of money in building up their stations. Therefore the fact that it was a good thing for the Canadian National Railways to dispose of the radio stations because they had no revenue from them should not in my opinion be the governing factor in deciding the value

of these stations. I consider that the value of a radio station should have some relation to the capital invested over a period of years. It should have some relation to the earning power of the station, some relation to depreciation and to replacement cost value.

The only reason I rose to speak on this subject was that I believe the Canadian National Railways should be paid, a sum based on some principle which will govern in the taking over of stations in the future. The Minister of Railways in the memorandum submitted to him by the management of the road did give some information with regard to depreciation. The Minister of Marine, who has charge of the voting of the estimates of the radio commission, said to the house that in so far as the purchase of these stations is concerned no goodwill was considered; a satisfactory bargain was made because the owners of the stations thought it wise to get rid of them. I do not think that should be the governing factor, because the minister then went on to say that he could not admit the suggestion of the hon. member for North Waterloo (Mr. Euler), that nothing should be allowed for goodwill because the licences lapse in a year. The minister denied that premise and said that in future he may allow for goodwill. I do not agree altogether with my hon. friend from North Waterloo, but, if, as the minister suggests, in furture purchases something may be allowed for goodwill, then I suggest to him that he should be fair to the Canadian National Railways and allow them a return for their investment on the same basis on which he proposes to purchase other stations in the future.

Mr. CHAPLIN: Pretty well laboured.

Mr. MALCOLM: I do not think the labouring was as bad as the reception.

Mr. PRICE: I would like to ask the hon. gentleman if he is aware that a number of the broadcasting stations were equipped with apparatus that was purchased secondhand by the Canadian National Railways? That is a fact in connection with the apparatus at Moncton, it was secondhand all the way through. Would he want the broadcasting commission to pay for that as they would pay for new apparatus?

Mr. MALCOLM: I would have to answer that question by asking my hon. friend if reciprocity is any the worse policy because my friends took it secondhand from us?

An hon. MEMBER: Put it back where it belongs, we never used it.

[Mr. Malcolm.]

Mr. POULIOT: Mr. Chairman, this afternoon we are fortunate in having an opportunity for free discussion, on account of the fact that the acting leader of the house is such a pleasant gentleman, and that those who are not so complaisant are across the border.

After those few words, Mr. Chairman, may I tell you that the first thing of importance that I noticed this afternoon was that the hon. Minister of Marine steamed up and the hon. Minister of Railways warmed up. But let us come back to cold facts. The Minister of Railways spoke about the expenditure on radio by the Canadian National Railways. In that respect Sir Henry Thornton was a pioneer. If it had not been for the radio policy of the Canadian National Railways we would have been without a station for many years. May I praise also the enterprise of the great Montreal paper La Presse, which has a very good station, CKAC. The figures of annual expenditure given by the Minister of Railways must include the cost of concerts given by the Canadian National Railways on their hookups from coast to coast. Now it is no longer the national railways who have to pay for that, it is the radio commission. There is something that I do not understand very well in the explanation of the Minister of Marine; he said that the purchase price of the radio broadcasting stations and equipment of the Canadian National by the radio commission is $50,000; and that this amount was arrived at by the radio commission itself, the minister will not deny. In his wide experience as a lawyer can he give me any other instance where the purchaser fixes the price of the thing he wishes to buy, and the seller says nothing? The Canadian National Railways had only to accept a figure given by the radio commission, the Canadian National had the knife at their throat, if they had not accepted the government would have cut their throat. They accepted because they could not do otherwise. But according to the inventory read by the Minister of Railways the actual value of the five stations is $132,000.

Mr. CHAPLIN: That is the cost, not necessarily the value at all.

Mr. MANION: "Capital invested" was the term used, which means the cost.

Mr. POULIOT: I admit there might be some depreciation in that. But what will be the effect of that transaction? The government will not disburse one cent; it will be two book entries, one for the Canadian

National Railways, and one for the radio commission. When the Canadian National Railways have a deficit they have to get the money from parliament to cover that deficit. If the price paid by the radio commission is unfair, the deficit will be higher. And even if the government have no ulterior purpose such as favouring the Canadian Pacific at the expense of the Canadian National, nevertheless the Canadian Pacific will say that the deficit of the Canadian National is greater on account of the fact that the transfer price of the radio was inadequate. That is why the matter should be adjusted in fairness to each party concerned. The government will not have to spend any money; it should simply make things right. Nothing has been said by the government with regard to what is to be paid for studio and office space, and for rentals. I should like to ask the Minister of Railways to tell us if any arrangement has been made between the radio commission and the national railways with regard to rentals. I should like to ask also if this purchase is to be the beginning of a coast to coast hook-up. This is why the questions put by my hon. and learned colleague, the hon. member for Charlevoix-Saguenay (Mr. Casgrain) and by the dean of the house, the hon. member for Bonaventure (Mr. Marcil) are both timely and appropriate. If this is the beginning of a coast to coast hook-up I think we should know it so that those concerned may be notified. There is not only one radio service in this country; since the Canadian National established broadcasting stations private firms and individuals have also done so. For example, we have the stations operated by La Presse and La Patrie, of Montreal. I will not ask what policy will be followed, but I wonder if the government has considered the effect of this step on the privately owned radio stations. In conclusion may I tell the acting leader of the government how pleased we are to see his face adorned with a gracious smile.

Mr. MITCHELL: I should like to know what arrangements have been made for the absorption of the employees of these radio stations.

Mr. MANION: They have been taken over by the broadcasting commission.

The CHAIRMAN: I think this discussion is out of order. The question before the committee is whether this purchase should be ratified in the sum of $50,000.

Mr. MITCHELL: The Minister of Railways has said that the employees have been taken over by the commission. If that was part of the bargain I think the question was in order, but I want to know how they were taken over. If I remember correctly the legislation passed last year stipulated that all employees should be engaged through the civil service commission. I think the broadcasting commission should be made clearly to understand that this practice should be followed. It is quite possible that the staffs of these stations might be overloaded with the idea in mind that they would be taken over by the commission. It seems passing strange to me that the first official act of the commission should be to break the law under which it was created, with regard to the engagement of employees.

The CHAIRMAN: This resolution has to do with the purchase of the radio stations and equipment. There is no other contract which is under discussion, so I think this subject is out of order.

Mr. MITCHELL: A good many things mentioned this afternoon were out of order, but they were not ruled out. I am not talking politics; if this was part and parcel of the agreement I think it is proper to discuss it.

The CHAIRMAN: It does not come under the resolution.

Mr. MITCHELL: The minister has already answered.

The CHAIRMAN: I am sorry, but I must take the resolution as it appears, and I am bound by the rule of the house that all discussion must be pertinent to the resolution.

Some hon. MEMBERS: Carried.

Mr. MITCHELL: No, it is not carried.

The CHAIRMAN: The hon. member can discuss the price, the equipment or the value of the broadcasting service, but the question of the employees does not come under this resolution.

Mr. MITCHELL: I understand that an agreement was necessary, and that the employees came under that agreement.

The CHAIRMAN: But the agreement is not being discussed now; the resolution only deals with the purchase.

Mr. CASGRAIN: They cannot employ these people unless they take over these stations.

The CHAIRMAN: That does not come under this resolution, so I must rule the discussion out of order.

Mr. CASGRAIN: I think the hon. member has a right to discuss that matter.

The CHAIRMAN: I am sorry, but I have just ruled that he is out of order, so the hon. gentleman must be out of order also.

Mr. CASGRAIN: Then I would appeal from your ruling.

Mr. MANION: With all due respect, Mr. Chairman, may I say that I do not see how we can discuss the taking over of these stations without bringing in other matters. As a matter of fact I think we might discuss the whole question of radio broadcasting. It strikes me that the hon. gentleman is not out of order in putting a question with regard to the personnel. Certainly since he has asked the question, and since the personnel is so important from the human point of view, I think the committee might agree to an answer being given even though we may stretch a point in doing so, though my own opinion is that the discussion is quite in order.

The CHAIRMAN: I must take the resolution as it is drafted, and certainly this is out of order. If the committee wishes to discuss this matter they may do so by unanimous consent; certainly I have no personal objection.

Mr. MITCHELL: I just wished to ask whether the taking over of the employees was part and parcel of the agreement.

Mr. MANION: I have not a copy of the agreement here, but I have a letter from Mr. Charlesworth, the chairman of the commission, to Mr. Thompson, director of publicity of the Canadian National Railways, from which I will read one paragraph. This letter is dated February 9, and contains the proposal to take over the broadcasting stations for $50,000. Mr. Charlesworth said:

> We are also prepared to take over the personnel presently employed on your radio system as outlined in the pay sheets, which you left here at the time of your first visit. This includes a total of twenty-one of all classes, including Mr. Weir and Mr. Olive, who are at present assisting us in this office.

I presume it is true that the radio commission is under the civil service commission. I know nothing about it, but I presume they obtained the consent of the civil service commission to take over these employees. I doubt if the civil service commission under any circumstances could do better than let the commission take over the staff that has been operating these stations for some years.

Mr. SANDERSON: I understand, Mr. Chairman, that you have made a ruling, from which an appeal has been taken by the hon. member for Charlevoix-Saguenay?

The CHAIRMAN: The discussion is going on, by consent. If the hon. member wishes to press the point of order he is privileged to do so.

Mr. SANDERSON: With all due respect, Mr. Chairman, consent must be given, and I have not heard that consent as yet.

The CHAIRMAN: I understood that consent was given. If the hon. member objects and wants to press the point of order he is entitled to do so, and personally I agree with him.

Mr. SANDERSON: I think you ought to observe the rules of the house.

Sir GEORGE PERLEY: The question has been asked and the answer has been given.

Mr. CASGRAIN: The incident is closed.

Mr. DONNELLY: Mr. Chairman, the Minister of Railways and the acting Prime Minister, in speaking of the value placed on the broadcasting stations of the Canadian National, said that at the time the radio committee was sitting the Canadian National broadcasting stations were valued at $70,000. I understood him to say that at the time the radio committee was sitting the Canadian National broadcasting stations were valued at $70,000. Am I right in that assumption, and if so who fixed that valuation? The value subsequently arrived at, I take it, was based on that valuation of $70,000, and I want to know who decided upon the sum of $70,000.

Sir GEORGE PERLEY: I heard one of the members of the committee of last year say that it was fixed by the engineer; one of the members of the committee said so here to-day. I have no knowledge of the matter except what was given me in this memorandum.

Mr. DONNELLY: In other words, it was the engineers of the department who decided upon the initial valuation of $70,000; that is what I understand. The Minister of Railways, in discussing the Canadian National radio stations, gave certain figures in regard to costs. Will he inform the committee whether those figugres represent deficits or are they actual cost? In other words, was there any revenue to offset those costs?

Mr. MANION: That is the actual net cost; so far as I know there was no revenue. I will read to my hon. friend the statement as it was given to me:

> Since the inception of the radio activities of the railway, activities which included radio reception on trains, the charges to operating expenses on radio account have been as follows:

Then they give the figures which I submitted. That, I take it, is net.

Mr. DONNELLY: I submit that there must be some revenue, because they rented offices above their stations. There must be some revenue coming in. I should like to hear the Minister of Marine tell his side of the story. His colleague the Minister of Railways says that these statements represent a deficit to the Canadian National Railways, that the National railways should never have been in the business, and that he is glad to get rid of it because it is a lemon and a dead horse. Well, if it is a lemon and a dead horse to the Department of Railways it should be the same to the radio commission.

Mr. MANION: That is their business; that is what they are engaged in.

Mr. DONNELLY: I want to know what the Minister of Marine thinks about it. Does he believe he has taken over a lemon and a dead horse, as it has been called, and if so does he regard it as a very good bargain? If it is a good bargain for the Minister of Railways to get rid of it, how is it a good bargain for the Minister of Marine to acquire it?

Mr. DURANLEAU: The Canadian National Railways did not make a business of their stations; they were only for the service of the company in connection with their trains and for publicity purposes. The radio commission on the other hand intends to do business with these stations; it will do advertising and it hopes to do a good business.

Mr. MARCIL: How many posts are there in Montreal?

Mr. DURANLEAU: The radio commission has been in operation only three months. The officials are evolving a scheme of development throughout the whole of Canada along the lines of the report of the committee which was adopted last year unanimously in this house, and of course they have to comply with the statute. They must develop their system in accordance with their revenues, which are derived from licence fees and the business they will do through their stations. I cannot go further than that. The radio commission intends to implement the report of the committee in this regard.

Mr. CASGRAIN: I notice to-day that during the absence of the Prime Minister, who is possibly trying to negotiate a reciprocal trade agreement with the United States, some ministers of the government presiding over different departments are trying to negotiate among themselves another kind of reciprocal agreement. Three ministers have spoken, and it seems to be a case of "You scratch my back and I'll scratch yours." These three ministers have taken part in christening this new bill. First there was the right hon. gentleman who is leading the house, the member for Argenteuil, then the Minister of Railways came to his rescue, and later on the Minister of Marine.

Mr. DURANLEAU: At the request of the hon. member.

Mr. CASGRAIN: Yes, at my request, because I like the hon. gentleman very much. He is a very mild man and he does not wish to commit himself too far. As the discussion has proceeded however we have not been able to gather much information. There is one thing I notice, though, and that is that some supporters of the government apparently do not appreciate the efforts of the ministers who are leading the government in the absence of the Prime Minister, because hon. members opposite have all deserted their seats. In this bill a present is being made to the Minister of Marine, and I think we are giving far too much to him. We are handing over to him one of the greatest assets of the Canadian National Railways, as my hon. friend (Mr. Malcolm) has pointed out. This valuable asset of the Canadian National we are transferring to the Marine department, but we have no guarantee that under this department we shall derive any more revenue from it. The Minister of Marine these days seems to be burdened with the care of many departments, and it is just possible that he may eclipse the Prime Minister himself. He has charge of the Department of Marine and, now that there is no Minister of Fisheries, he is acting in that portfolio; now he is head of the radio commission, though he says he does not administer it.

Mr. POULIOT: And though he says he is at the foot of it.

Mr. CASGRAIN: The radio commission may be only crawling, but the minister is behind it. He does not tell us that he is not going to have anything to do with the administration of these new stations and that in the future he will not have a hand in the acquisition of new stations which may be brought under the jurisdiction of the radio commission and under the control of his department.

Mr. DURANLEAU: And with the consent of the house.

Mr. CASGRAIN: I have put some questions to the minister, and so has the hon. member for Bonaventure, but so far there has not

been forthcoming from the government any satisfactory exposition of the future program in regard to the radio. Are we going to be called year after year, after this measure is adopted, to endorse this process of eliminating private stations by the purchase first, perhaps, of La Presse and also of that other station La Patrie, which was established for the sole purpose of making political capital through this newspaper, helping it to build up a clientele so that later on it might be taken over by the government, under the control of the commission, so that friends of the government might be made happy. In this whole piece of legislation before us we have in my opinion a bad precedent, and I for one do not subscribe to it, because I am afraid of the gift which is being made to the Minister of Marine. Timeo Danaos et dona ferentes. That is what the Minister of Marine should look to.

Mr. DURANLEAU: Is my hon. friend suggesting the purchase of the La Presse station?

Mr. CASGRAIN: I do not know whether it is going to be purchased. I should like to have some information. Is the government going to purchase in the future such stations as La Presse?

Mr. DURANLEAU: I would invite the hon. gentleman to read the report of the radio committee. It was adopted unanimously by the house last year, and the radio commission intends to follow as far as possible the lines of that report.

Mr. CASGRAIN: That is very vague.

Mr. DURANLEAU: It is not; the report is quite plain.

Mr. CASGRAIN: If the minister is in charge of that department he must know what the report contains. He ought to be in a position to say yes or no; he should say in a few words what line of action the government is going to take in the near future. I think it is of interest to the members of this committee and also to the people at large to know if future transactions will be made along the lines of this one.

Mr. CANTLEY: I should like to congratulate my genial friend, the Minister of Railways, upon getting rid of a white elephant and receiving $50,000 for it. It has been stated that the equipment of the Moncton station was second hand and the experience which we have had with it seems to bear out that statement. At Charlottetown, Prince Edward Island, there was a station with about one-quarter the supposed power of the station at Moncton. We were able to hear that station quite distinctly while we never could get the Moncton station although we were only about 110 to 130 miles away. That station was of no value so far as the maritime provinces were concerned. Its value to-day is only as scrap. The steel towers which to-day are unsafe are worth just about the cost of taking them down. There is probably a certain amount of copper-covered wire which would be worth, say, a cent and a half per pound. I do not think the scrap value of the whole station will exceed $1,500 or $2,000. If the minister can unload these stations upon some other department and receive $50,000 he is entitled to our congratulations. He is receiving mine, at least.

Mr. ELLIOTT: What about the other department?

Mr. CANTLEY: Although my statement may be disputed by hon. members opposite, I contend that this is just another illustration of the way in which the Canadian National Railways was loaded up with extravagances. These installations were never of any value although they cost a million and a quarter to begin with and over a million dollars a year to operate.

Mr. HEAPS: It would seem that hon. members have objections to other stations being taken over by the government at some distant time. I think the time to deal with that aspect of the question will be when the government are in a position to announce to the house that they intend to take over other stations. At the present time I do not intend to deal with that phase of the matter which seems to be somewhat extraneous to the question which we are now discussing. It has been claimed by some hon. members that we are not dealing fairly with the Canadian National railway system. Personally I feel that we are dealing fairly with the company. The price to be paid has been determined by the two parties to the transaction and evidently both are quite satisfied. The broadcasting system may have been a white elephant upon the hands of the railroad company but, on the other hand, it is quite obvious that this system may become a valuable asset to the radio commission. The railroad company was in the transportation business while the radio commission is in the broadcasting business. The railway company did not have the advantage of the $2 fees which will be collected by the radio commission. These fees will pay the interest upon the capital invested,

and possibly pay off the capital itself. I feel that the radio commission is doing the obvious thing in taking over a utility which belonged to another department and I am satisfied that both sides have made a good bargain.

Mr. EULER: I have no desire to delay the discussion but I would like to deal very briefly with two points which have been raised. The first is with regard to the policy of the government in the taking over of additional stations. It seems to me that this matter of policy was pretty well decided by the report of the radio committee which sat last session. I should like to read two of the clauses from the recommendations of that committee, as follows:

(a) That one of the first duties of the commission be the establishment of trans-Canada chain broadcasting through the securing of the necessary land lines as soon as possible.

(b) That a nationally-owned system of radio broadcasting be instituted, and that all stations required for its proper organization be eventually acquired, same to be financed from the revenues accruing to the business of broadcasting, without expense to the taxpayers through the public treasury.

I need not read any more than that. It seems to me that those recommendations lay down a pretty definite general policy in connection with broadcasting. I take it that the taking over of the Canadian National broadcasting system is the first step in the carrying out of that policy. I am not sure whether it is fair to expect the government to say at the moment just how fast they will move in carrying out the recommendations of the committee. It seems to me that the radio bill which was passed last session was passed for the distinct purpose of implementing the recommendations of the committee. It must be remembered that the report of the committee was adopted by the house. I am not going to find any particular fault—I certainly am not playing politics—if the government are not in a position to say that next year or the year after they will take over such and such a station. I take it that sooner or later—it ought to be sooner—they will take possession of the general broadcasting business in Canada.

Mr. LAPOINTE: Did the committee of which my hon. friend was a member contemplate that before the members of the commission were sworn in a new licence would be issued to permit a new station to go into operation?

Mr. EULER: Briefly, my answer would be no. Although I have no desire to raise a question at this time, personally I am not entirely satisfied with the way licences have been granted. I have one particular station in mind and the proceedings in connection therewith certainly do not meet with my approval. I will not say anything more in connection with this matter for fear of starting the hon. member for East Essex off on a speech, although I would not mind listening to him.

There is one other point I would like to make. With all due deference to my good friend the Minister of Railways, I do not think he is quite fair in his reference to the outlays made by the Canadian National Railways in connection with broadcasting. After all, the purpose of the installation of receiving sets in the trains was not just an extravagant method of entertaining the passengers, it was a definite means of attracting business—just another form of advertising. I am not going to say just what success that advertising had—I might not have done the same thing if I had been in authority—but I think it is true that the railway company did obtain considerable publicity through the installation of receiving sets on the trains. No one can say definitely what returns will be received from any particular form of advertising. The railways have expended hundreds of thousands and perhaps millions of dollars in advertising.

Mr. CHAPLIN: Hotels.

Mr. EULER: Yes, the hotels have to be advertised if one is to make anything of them. The Canadian National advertised their hotel at Jasper and the Canadian Pacific did the same thing for their hotel at Banff. Hundreds of thousands of dollars were spent in advertising the railways and it is necessary to do this. No one can say just how much in dollars and cents the Canadian National Railways received in return for this work of broadcasting, but surely it is not right for anybody to give to the house and the country the impression that this money was absolutely wasted.

Mr. MANION: I do not think it was suggested that it was absolutely wasted although a great deal of it was.

Mr. EULER: I want to be fair to the minister, but he left the impression, I think unintentionally, that the sums of money that were expended from year to year—and he gave them in increasing amounts—were just wasted on a sort of plaything on the Canadian National Railways. It was nothing of the kind; it was advertising. I think it brought to the railway some results, but whether commensurate with the amount of money expended, I am not prepared to say.

Mr. VERVILLE (Lotbinière) (Translation): Mr. Chairman, this resolution simply means the transfer of an amount of $50,000 from one place to another. The Canadian National Railways will receive $50,000 from the Radio Commission, while the Treasury, on the one hand, will receive what, on the other hand, it has disbursed. May I put a question to the hon. Minister of Marine (Mr. Duranleau): A permit was granted for a broadcasting station in Montreal. Some one assured me that this permit was granted to a Tory newspaper. I have no knowledge of the fact, at all events, it was granted to La Patrie. For some time past, programs have been broadcasted from that station in which speakers of the Fédération de clubs ouvriers de la province de Québec are allowed to state what they please against established order, the Quebec government and the municipality of Montreal. I am wondering whether there exists a contract containing a clause which prohibits any unfavourable comment against the Dominion government. May I inquire from the minister as to whether the following public rumour is true, namely, that the government granted this broadcasting permit with such a proviso?

Some hon. MEMBERS: Carried, carried!

Mr. CASGRAIN (Translation): The minister is going to reply.

Mr. DURANLEAU (Translation): Mr. Chairman, I have already replied to this question when the estimates on radio broadcasting were discussed, at a recent sitting of the committee. The speeches delivered, at La Patrie broadcasting station, by officials of the Fédération des clubs ouvriers de la province de Québec, so far as I have been able to judge, having purposely listened to them on two or three occasions, had absolutely nothing objectionable. May I inform my hon. friend that numerous citizens of Montreal contend that this propaganda carried on by the Fédération des clubs ouvriers de la province de Québec is quite legitimate, that freedom of speech is equally granted to the small associations and workmen as to powerful corporations, and, as long as these speeches are not of a nature to rouse the people against established order, we consider that members of that association are entitled to criticize the measures or acts of any government or even the present municipal administration of Montreal. Quite recently, if I am not mistaken, these gentlemen sharply criticized the previous municipal administration of Montreal, which proves that this association is free from political consideration. The hon. member is misinformed when he states that at the La Patrie broadcasting station officials of the Fédération des clubs ouvriers are allowed to deliver speeches which are objectionable or of a nature to rouse the people of Montreal. Would my hon. friend mention the circumstances and dates when such speeches were made?

Mr. CASGRAIN (Translation): If the hon. minister will wait a minute I shall quote one of these speeches.

Mr. VERVILLE Translation): It is a difficult task to defend, in the house, citizens attacked through the medium of broadcasting. It is true that under an act passed at the last session of the Quebec legislature, associations known as Universités ouvrières are declared dissolved and deprived of their rights; however, it behooves the Dominion government to take the necessary steps to prevent the spreading of false principles. Such schools, moreover, should never have taken root in Canada. It behooves the Dominion government to enforce the laws of this country and prevent, by all possible means, the infringement of citizens' rights.

Mr. MORAND: Last year I had the honour of being chairman of the committee which made the report on radio. Prior to that a commission had been appointed by the administration of the leader of the opposition and it made a very similar report, that radio be nationalized. I may say here frankly that when I first entered the committee, I was not in favour of nationalization. I listened to the evidence and before all of it was in I had quite made up my mind that the only way to handle radio in Canada was by control and gradual nationalization. With that all the members of the committee agreed; with that the house was in agreement. Every hon. member with, I believe, one exception agreed that we should nationalize and gradually take control of radio. To-day apparently, some hon. members are sorry that they agreed. Some seem to expect that we can make omelettes without breaking a few eggs. You cannot nationalize radio; you cannot lessen the number of stations, as was recommended by the committee, without changing channels, without changing wave lengths, without the reallocation of radio stations in different places, and if every time the commission is to change a wave length, to purchase a station, we are to spend two or three days in the house discussing the matter, what is the use of having a commission? We might better have the matter handled by parliament. If parliament is to enter into every

detail involved in broadcasting, censorship and so forth, why the commission? Surely we must put some power in the hands of the commission. We can establish general principles, as they have been established in the act, and if there is to be any censoring, any changing of wave lengths, the commission must take that responsibility. If the commission does not function to suit parliament, we can ask for its removal, but surely we are not going to spend days and days discussing minor details in the house.

As regards the kind of stations we had recommended, after a careful survey it was recommended that there be one 50,000-watt station in each province; three 500-watt stations for the maritime provinces, or one larger one for the three, and one 10,000-watt station for western Ontario. In the western provinces we were to have some synchronized stations, each of 500 watts. The hon. member for North Waterloo sat with me on the committee last year. He has read some of the recommendations of that committee, but he left out one very important one, not purposely I believe, in respect to the workings of the commission and its proper organization. That recommendation was this:

The same—

That is the amount:

—to be financed from the revenues accruing to the business of broadcasting, without expense to the taxpayers through the public treasury.

That is what is being done to-day. The commission can only spend according to the amount of revenue which they receive. I feel that they are doing very good work. We also made provision whereby the commission could enter into agreements with existing stations and purchase time or lease stations and do whatever else they felt was necessary in order to provide proper broadcasting facilities in Canada. I personally feel that the commission is doing good work and is going as fast as it can go. I might mention in passing that we also made provision that stations of 100 watts or under would not be under the national system but should remain privately owned. The station we have heard a great deal about, that of La Patrie, Montreal, is a station of only 100 watts. Such a station was not to be put under the national system, but was to be left as a privately owned station. That was the recommendation in the report which was unanimously made and unanimously approved. Surely we are wasting a great deal of time on unnecessary details, and certainly the country will not look on the work of this parliament to-day with very much approval.

Mr. LAPOINTE: How long has my hon. friend been speaking?

Mr. GRAY: Although the Prime Minister is absent, he has apparently left a substitute for him in this house in the person of the hon. member for East Essex (Mr. Morand). If this resolution carries it will be placing in the hands of the commission another five stations for it to administer. In view of that, I think it is fitting, before we place any more stations under the control of the radio broadcasting commission set up by this house, that we should draw to the attention of the Minister of Marine that the chairman of that commission since Saturday has been going about this country not only making political speeches, I submit, but imputing motives to members of this house which I submit are wholly uncalled-for and unwarranted. I feel sure that it has been called to the attention of the minister that the chairman of this commission has stated that those members of this house who have been trying to elicit information from the minister had their questions suggested to them and the whole movement engineered by New York interests.

Mr. SPOTTON: He ought to get his whiskers trimmed.

Mr. DURANLEAU: Did my hon. friend hear the chairman of the radio commission?

Mr. GRAY: I am quoting what I read in the newspaper. I can quote from the Montreal Gazette of Monday, in which the chairman of the radio commission is reported as having made a speech, a political speech I submit, to a non-political gathering in Montreal. I further find that speaking in Toronto he is reported in to-night's evening Citizen as follows:

"We'll be all right if the politicians will only leave us alone."

Does he mean by that the minister? Does he mean that he is being given politicians that he cannot do anything with in the appointments that have been made to the commission? Or does he impute that those of us who are trying to elicit information from the minister are doing it merely for politics, and that we are not interested in the radio commission as it stands? I ask the minister when he will place a curb on the indiscreet verbosity of the chairman of this commission.

Mr. POULIOT: The question is of great importance. I remember very well that on another occasion—

An hon. MEMBER: Sit down.

Mr. POULIOT: The Prime Minister told my hon. friend to sit down one day, but I am not going to allow my hon. friend to tell me what I shall do. When the Prime Minister told him to sit down, he sat down like a schoolboy. I am not in the category of those who sit down when they are told to by anyone. I stand up when I speak, and that is much better. Moreover, I would have left the party if its leader had told me like the Prime Minister told the hon. member for East Algoma (Mr. Nicholson) to sit down at the special session.

Mr. NICHOLSON: Mr. Chairman, I rise to a point of order.

Mr. POULIOT: I apologize to my hon. friend if he was not the one.

Mr. NICHOLSON: Mr. Chairman, I made no observation whatsoever, and I submit that the hon. member for Témiscouata has no right to make an attack on me in that manner while I sit perfectly quiet in my seat.

Mr. POULIOT: Mr. Chairman, I wholly accept what my hon. friend has said, and if my hon. friend did not say what I understood him to say—

The CHAIRMAN: The hon. member for East Algoma has said that he did not interrupt, and therefore the hon. member for Témiscouata must accept his denial without discussion.

Mr. POULIOT: Certainly, Mr. Chairman. I have already said in very plain language that I apologize to the hon. member for East Algoma if he did not interject when I got up.

The CHAIRMAN: He has already stated that he did not speak.

Mr. POULIOT: I repeat for the third time, Mr. Chairman, that I apologize. When I am wrong I admit it at once. I should have addressed my remarks to the hon. member for East Edmonton, the desk mate of my hon. friend from East Algoma, who I understand made the interruption.

The CHAIRMAN: The hon. member for Témiscouata knows, I think, that he must not word his apology to say "if the hon. member for East Algoma did not say that." He must accept the denial of the hon. member without qualification and apologize.

Mr. POULIOT: If the hon. member is willing to suggest to me any other formula than the one I used for my apology I shall be very glad to accept it because I am not stubborn. I do not wish to fight against the rules. I wish to be fair to every member on the other side of the house. When they are polite I am polite, but when they are impolite I fix them.

The CHAIRMAN: I would suggest to the hon. member for Témiscouata that any gentleman could have found words with which to accept the denial of the hon. member for East Algoma and apologize.

Mr. POULIOT: Is the chairman satisfied with my apology?

The CHAIRMAN: It is not for me to be satisfied, but the hon. member for East Algoma.

Mr. POULIOT: The hon. member for East Algoma has not complained of my apology, and he has to be satisfied according to the rules of the house. When the interjection was made I at first understood that it came from my hon. friend from East Algoma, and what I said in reply should have been addressed to his desk mate who actually made the interruption. Is that clear, sir?

What I am standing up for now is to defend the rights and privileges of the House of Commons, of hon. members on the other side as well as those on this side. May I now through Hansard tell Mr. Charlesworth or anyone else who is not respectful of the rights and privileges of the members of the House of Commons that they will be fixed in due course? They are the servants of the public, and they should not forget it, and when they are disrespectful it is the duty of the Minister of Marine to fix them, in order that we may not have disagreeable incidents in the House of Commons. Now if Mr. Charlesworth is not any more polite than he has been he will have to receive a lesson, the same lesson that is given to impolite boys. And the fact that he wears a beard will not change the form of chastisement.

Mr. POWER: That is not worn where you are going to hit him.

Mr. POULIOT: We will first start by pulling it!

I am sure, Mr. Chairman, that we are delighted to hear this defence of the rights of parliament. May I say just one word more? The other day I heard the Minister of Marine saying he was not to interfere with the work of the commission. Is he not the boss? I said that at the end of the sitting—it is not recorded in Hansard—but my idea is that the minister should be the boss of the department, and if the minister is afraid to inter-

fere with the work of the commission it is feebleness, it is weakness, it is unworthy of any minister of the crown. He should say boldly to any one of the civil servants under his control: I will treat you fairly, but you must act fairly too; you are responsible to me for what you do because I myself am responsible to the House of Commons for anything you do. That is my idea of parliamentary government, that is my idea of democracy. Those are the broad principles for which England and Canada have fought many times. May I remind the minister in order that he may not disgrace himself any more by saying he will not interfere with the work of the commission and this and that, that he should remember he is the boss and he must not be afraid to take the responsibility for anything that is done by civil servants under his control, and if what they do is unfair or against the rules he has made he has only one thing to do—put them out.

Mr. DURANLEAU: Mr. Chairman, I do not rise to defend the chairman of the radio commission about what was read a moment ago by one of my hon. friends. These articles were not brought to my attention, the chairman of the radio commission was not asked if he had made such statements or not, and I do not think it is proper to criticize the chairman of the commission on statements appearing in the papers, unless they are admitted by him.

Mr. GRAY: He has not denied it.

Mr. DURANLEAU: If anything wrong is brought to my knowledge, and if the statute gives me the power to intervene, I will do so. I desire to tell my hon. friend from Temiscouata (Mr. Pouliot) that I know my duties perfectly well and I intend to perform them to the full, but I have to remain within the statute. I intend to exercise the control which has been given to the Minister of Marine by the statute creating that radio commission, which statute was adopted unanimously by the house last year. If my hon. friends are not satisfied with the powers which were granted to that commission and to the minister they have only one thing to do, that is to ask for the repeal of that statute or for an amendment of it. My duty will be performed to the full within the act.

Resolution reported, read the second time and concurred in.

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister) moved:

That a message be sent to the Senate informing their honours that this house has adopted a resolution approving of the purchase of the radio braodcasting stations and equipment of the Canadian National Railways by the Canadian Radio Broadcasting Commission for the sum of $50,000 and requesting that their honours will unite with this house in the approval of the said purchase:

And that the clerk do carry the said message to the Senate.

Motion agreed to.

MAJOR-GENERAL McNAUGHTON

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I desire to direct a question to the Minister of National Defence (Mr. Sutherland). The press has reported that the chief of the general staff, Department of National Defence, has received an increase in salary from $8,000 to $10,000 per year, made retroactive to January 1, last. The name of the officer, I believe, is Major-General McNaughton. Will the minister tell me if the press report is correct and if this increase in salary has been made?

Hon. D. M. SUTHERLAND (Minister of National Defence): Mr. Speaker, I would say that the report is substantially correct; that during the first couple of weeks in January I brought in to council a recommendation that the present chief of the general staff receive reappointment for a term of four years. He had been acting for four years and his term was up on the 31st of December. I also recommended that his salary be increased from $8,000 to $10,000, which was done.

This gives me an opportunity to say that I consider that the chief of the general staff is one of the most efficient men there is in the public service of Canada, and does a very great deal of work connected with several branches of the department. His work has been recognized by the late government as well as this, he has been an expert member of the delegations that have gone to a number of conferences for both governments. It must also be remembered that the estimates in the Department of National Defence have been cut down between seven and eight million dollars during the term that this government has been in office. That necessitates a great deal of extra work, and much of it has fallen on the chief of the general staff. I think it was a very proper salary increase, and that it will be fully concurred in by the majority of the members of the house.

Mr. BROWN: Is that salary subject to the ten per cent deduction?

Mr. SUTHERLAND: Yes.

UNEMPLOYMENT CAMP—VALCARTIER

On the orders of the day:

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, may I ask the hon. Minister of National Defence (Mr. Sutherland) if he can answer the question I asked yesterday about the mode of selection of unemployed men being sent to Valcartier camp? Apparently the selection is entrusted to three or four hon. members from Montreal, sitting on the other side of the house. I would like to know whether it is the policy that those men should be selected by members of parliament; if so, why my hon. friend from St. Henri (Mr. Mercier) and the other members from Montreal should not be asked to select them as well as members who are supporting the government?

Hon. D. M. SUTHERLAND (Minister of National Defence): When the present plan with regard to sending men to Valcartier and Petawawa was entered into the officers in charge of the district at Montreal were advised to get in touch with the members for St. Ann (Mr. Sullivan), St. Antoine (Mr. Bell) and Jacques Cartier (Mr. Laurin), not with the idea of picking out the individual men who were to go in those contingents, but with the idea of talking over the situation generally as to what should be done under the circumstances in Montreal. What they have done is, I believe, to work with the chairman of the Montreal unemployment commission with regard to it. I am informed that the plan is working out very well indeed, and it is not the case that a man who desires to go to the camp must have any particular O.K. from a member of parliament.

Mr. C. B. HOWARD (Sherbrooke): I should like to direct a question to the minister along these lines also. I have a letter from the city clerk of the city of Sherbrooke stating that there are 125 unemployed single men in that city, and asking if the minister would try to have at least some of these taken to Valcartier.

Mr. SUTHERLAND: Undoubtedly the city of Sherbrooke has every right to ask that this be done, and I shall be very glad to take it up and communicate with the hon. member.

Mr. PAUL MERCIER (St. Henri): I should like to address a similar question to the minister. I have received applications from boys and single men in the western part of Montreal who would like to go to Valcartier. Am I authorized to issue a letter in this connection or am I obliged to refer these applications to the other members from Montreal?

Mr. SUTHERLAND: The hon. gentleman certainly would not be obliged to refer these applications to his colleagues from Montreal. I would suggest that he take up these questions with the commissioner of unemployment of the city of Montreal, who I am sure would be very glad indeed to cooperate with him.

TREATY WITH FRANCE

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): I should like to ask the government if there is any truth in the dispatch which I read in the Montreal Star last night to the effect that this week we might expect finality in the negotiations with France in connection with a trade pact and that the government was only awaiting an answer from France before bringing the treaty before parliament. Has the Minister of Finance any information as to when the treaty may be brought down?

Right Hon. Sir GEORGE PERLEY (Acting Prime Minister): I may tell my hon. friend that these negotiations are still proceeding; they have not yet reached finality. I have not seen the articles to which my hon. friend refers, but sometimes statements are made that are not official.

MALT EXTRACT TAX

On the orders of the day:

Mr. P. F. CASGRAIN (Charlevoix-Saguenay): I noticed in the Montreal Star that the hon. member for West York (Mr. Lawson) was reported to have said, at a meeting in Toronto, that the tax on malt extract used in making home brew would be withdrawn or drastically reduced. Is there any foundation for that statement, and when the hon. member made it had he received any information or intimation from the government that this would be done?

Hon. E. N. RHODES (Minister of Finance): The statement in question, Mr. Speaker, was made entirely upon the responsibility of the hon. member for West York (Mr. Lawson). As Minister of Finance I have always taken the position that announcements with regard to tariff and taxation proposals should be made in the house. I think I can conscientiously say that I have consistently maintained that position, and I propose to continue to do so. So far as I am concerned the statement is without warrant whatever.

THE GOLD STANDARD

On the orders of the day:

Mr. E. J. GARLAND (Bow River): I presume the answer just given by the Minister of Finance (Mr. Rhodes) would apply also to the statement made by the same hon. member, during the course of the same speech, to the effect that Canada left the gold standard two years ago.

RADIO LICENCE—LONDON

On the orders of the day:

Hon. W. D. EULER (North Waterloo): I should like to ask the Minister of Marine (Mr. Duranleau) whether an application has been made by and a radio licence granted to any person in the city of London.

Hon. ALFRED DURANLEAU (Minister of Marine): Not to my knowledge, but I will take this as a notice and give my hon. friend an answer to-morrow.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. MacDonald (Cape Breton South) in the chair.

2. Resolved,—that schedule A to the customs tariff, being chapter forty-four of the revised statutes of Canada, 1927, as amended by chapter seventeen of the acts of 1928, chapter thirty-nine of the acts of 1929, chapter thirteen of the acts of 1930 (first session), chapter three of the acts of 1930 (second session), chapter thirty of the acts of 1931, chapter forty-one of the acts of 1932, and chapter six of the acts of 1932-33, be further amended by striking thereout tariff items 79, 99c, 101, 123a, 157a, 173, 194, 203a, 203b, 206a, 208, 208e, 208o, 209, 210e, 278, 315, 315a, 316, 327, 353, 366b, 385a, 409j, 409q, 417, 438b, 438d, 445c, 471, 475, 476a, 485, 520c, 568, 571, 682a, 756, 783, and 799, the several enumerations of goods respectively, and the several rates of duties of customs, if any, set opposite each of said items, and by inserting the following items, enumerations and rates of duty in said schedule A:—

Mr. MACKENZIE KING: Since we are about to enter on the budget resolutions I should like to ask the Minister of Finance if he would indicate to the committee the order in which he intends to take up the resolutions generally, and also if it is the intention to stay with the resolutions until we get through. We are anxious to facilitate the business, and we could probably make better headway if there were some understood arrangement.

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Mr. RHODES: I should be quite content to accept such order of procedure as would be agreeable to the committee and to the house. If it is convenient I should be quite prepared to continue with the tariff items until we have concluded them and go on with the taxation proposals. The first paragraph is to be taken up by the Minister of National Revenue; he is indisposed to-day, otherwise we would have proceeded with that.

Customs tariff—79. Florist stock, viz.:—Azaleas, rhododendrons, pot-grown lilacs, rose stock and other stock for grafting, seedling carnation stock, araucarias, bulbs, corms, tubers, rhizomes and dormant roots, n.o.p.: British preferential tariff, free; intermediate tariff, fifteen per cent; general tariff, twenty per cent.

Mr. RHODES: This is a parent item; there is no change in either wording or rates, but it appears because the next item involves an amendment by way of reduction in the tariff.

Item agreed to.

Customs tariff—79c. Seedling stock for grafting, viz.:—Plum, pear, peach and other fruit trees: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr DONNELLY: This item has been taken out of item 79?

Mr. RHODES: Yes; this item is free across the board.

Mr. YOUNG: Under this item seedling stock for grafting is put on the free list, while formerly it was free from Great Britain and dutiable from outside the empire. I should like to know who asked for the change.

Mr. RHODES: The nurserymen made representations to us that they were unable to obtain a sufficient supply in Great Britain. After negotiations with the British government we were enabled to ascertain that they were not in a position to supply the necessary nursery stock. As a matter of fact, Britain herself is to some extent an importer from France. Under the circumstances it was decided to restore the item to the free list.

Customs tariff—99c. Raisins and dried currants:

(1) Until July 31, 1934, per pound: British preferential tariff, free; intermediate tariff, 4 cents: general tariff, 4 cents.

(2) Thereafter, per pound: British preferential tariff, free; intermediate tariff, 3 cents; general tariff, 3 cents. When in packages weighing two pounds each, or less, the weight of such packages to be included in the weight for duty.

Mr. YOUNG: What change has been made in this item?

Mr. RHODES: There is no change in the item, either as regards the wording or the rates. The item has been extended one year at the request of Australia.

Mr. YOUNG: What is the duty when the currants are not in packages?

Mr. RHODES: If the currants are packed in small two pound packages the package itself is weighed with the raisins and considered in the computation for duty. If the raisins come in bulk the bulk package is not subject to the same treatment.

Mr. YOUNG: But the rate is the same in either case?

Mr. RHODES: Yes, except that with the two pound package the package itself is weighed with the raisins for duty purposes.

Item agreed to.

Customs tariff—101. Oranges, n.o.p., per cubic foot: British preferential tariff, free; intermediate tariff, 35 cents; general tariff, 35 cents.

Item agreed to.

Customs tariff—101b. Oranges, the produce of Palestine (when imported direct from the country of growth and production) during the months of January, February, March and April: British preferential tariff, ...; intermediate tariff, ...; general tariff, free.

Mr. MACKENZIE (Vancouver): Who asked for this change?

Mr. RHODES: Many representations were made to us from different quarters in favour of the action which we have taken to admit Palestine oranges free of duty during the months indicated. This is an orange of superior quality and flavour and a certain amount of trade has developed with Palestine. We thought it was a move in the right direction.

Mr. EULER: Will this conflict with importations from other parts of the British Empire such as South Africa? Have there been any protests?

Mr. RHODES: The only protest we have received from any part of the empire was from Jamaica. Palestine is a mandated territory, class A mandate, and even though we have oranges free under the British preference and subject to a duty of 35 cents per cubic foot under the intermediate and general, last year we imported eighty-eight per cent of our oranges from the United States. There is therefore still ample room for the West Indian and more particularly the Jamaican orange. In these circumstances we felt that they had no legitimate right to complain of the free entry accorded to Palestine.

Mr. NEILL: Will not this interfere with the Australian treaty?

Mr. RHODES: No, nor with South Africa; they ship in another season entirely. It does not interfere with them in the slightest degree.

Mr. YOUNG: These oranges are admitted in January, February, March and April; why not throughout the year? I understand they are very good oranges.

Mr. RHODES: These months suit importation from Palestine. They are the only free months having regard to our treaties with South Africa and Australia.

Mr. REID: These oranges are imported into the old country months ahead of that. Why should they not come here in the month of December just as the Japanese oranges called tangerines do?

Mr. RHODES: We could not grant free entry in December because that month is preempted by the Australian treaty.

Mr. HEAPS: The only months during which it is convenient for the people of Palestine to export are the months mentioned.

Mr. MacLEAN: Was there a delegation from the West Indies?

Mr. RHODES: A delegate came from the island of Jamaica and had an interview with the government, and while I cannot say that he went away satisfied, we were able to give him evidence to show that his people were more alarmed than hurt.

Mr. MOTHERWELL: With respect to the protest made by Jamaica in this matter, it occurs to me that our obligation is greater to the West Indies than it is to Palestine, which is a mandated country. Of course, I am interested in Palestine and all its early associations, but commercially our obligations should be discharged first to the West Indies. Is there likely to be any conflict? I do not like the thought of Jamaica being jostled to one side.

Mr. RHODES: I agree with my hon. friend that, other things being equal, we should give the preference to those within the empire. Without any treaty obligations, and outside the West Indian treaty, we gave free entry to Jamaica the year round, and I pointed out to the delegate from that island that they were not presenting a good case to us when they indicated that their objection to free entry on the part of Palestine oranges was that Jamaica would have to come into competition with Palestine and that therefore their oranges would sell at a lower price. I suggested to them that it was rather a peculiar representation to make to a minister of the Canadian government, that the Canadian people would secure oranges at a lower price. As a matter of fact however, on balance, I think Canada has dealt very fairly, if not indeed generously, with the West Indies. We give them the benefit of a splendid steamship service which costs this country around three quarters of a million a year, and in that connection I may point out, as I pointed out to the representative of Jamaica, that frequently if West Indian shippers have an opportunity to use a tramp steamer they do so to the detriment of the Canadian service which is put on at a great expense. Furthermore, through our preference to West Indian sugar, which the West Indian avails himself of to the last fraction of a cent, we are in effect giving a subvention to the West Indies amounting to several millions a year. Then, bearing in mind the further fact that there is still an opportunity in the Canadian market to replace a portion of that eighty-eight per cent supplied last year by the United States, I think we have treated the Jamaicans fairly in the circumstances, if not generously.

Mr. MOTHERWELL: So long as it is understood that all mandated countries are to be considered as being on a parity with our British dominions and colonies, and if we are under an obligation in that respect, I have nothing further to say. I do not think however that we should go out of our way to put such countries on an equal footing with other parts of the empire if they are not actually so. The fact that Jamaica may not happen to have a good case is merely incidental; another colony might have an excellent case.

Mr. RHODES: We were not under any obligation to Palestine. Palestine was a class A British mandated territory and to the extent we imported oranges from that country we would have an opportunity to increase the shipment of Canadian goods. To the extent that Canadian goods were shipped there would be an opportunity afforded for the development of our Canadian ports and the providing of business for our transportation systems. It must be borne in mind that this provision is limited to direct shipments.

Item agreed to.

Customs tariff—123a. Crabs, clams or shrimps in sealed containers: British preferential tariff, 17½ per cent; intermediate tariff, 40 per cent; general tariff, 40 per cent.

Mr. DONNELLY: Why the increase?

Mr. RHODES: We want to place shrimps in the same category as crabs and clams because they come into direct competition with our own product. The competition from oriental countries has been somewhat unfair.

Mr. DONNELLY: What was the tariff on shrimps?

Mr. RHODES: Formerly the rates were 17½ per cent, 27½ per cent and 30 per cent.

Mr. DONNELLY: Do those apply to crabs?

Mr. RHODES: There is no change in the duty on crabs and clams. We are simply classing shrimps in the way I think they ought to be classed as they come into direct competition with our own product.

Mr. YOUNG: Why the increase in the duty?

Mr. RHODES: The increase is brought about by the classification of shrimps with clams and crabs.

Mr. YOUNG: Crabs and clams previously carried 27½ per cent and 30 per cent; they are now carrying 40 per cent, so there must be an increase.

Mr. RHODES: There is no increase on clams and crabs. The rates given in the parallel columns are those which formerly obtained with respect to shrimps.

Mr. DONNELLY: Where do we import our shrimps from?

Mr. RHODES: Almost entirely from Japan.

Item agreed to.

Customs tariff—157a. Amyl alcohol or refined fusel oil, when imported by the Department of National Revenue or by a person licensed by the minister, to be denatured for use in the manufacture of metal varnishes or lacquers, to be entered at ports prescribed by regulations

of the minister, subject to the Excise Act and to the regulations of the Department of National Revenue: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. YOUNG: Who asked for this?

Mr. RHODES: It is impossible to give a comprehensive answer to that question in every case. This is a conference item. It was ascertained that Great Britain was unable to supply this commodity in sufficient quantity and we restored the status quo which obtained prior to the British agreement. This action was taken with the consent of the British government.

Mr. EULER: Is it produced in Canada?

Mr. RHODES: No.

Item agreed to.

Customs tariff—173. Books and cards, including playing cards, embossed or grooved, for the blind; and books for the instruction of the deaf, dumb or blind; maps and charts for the use of schools for the blind: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. BROWN: This item and the succeeding one show a reduction. I am in favour of the government getting the fullest amount of revenue possible out of some of these items, but—

Mr. GOTT: These are playing cards; the hon. member does not use them.

Mr. BROWN: I would like to know the reason for the reduction. Has the government found that the duties were so high that they would not produce revenues?

Mr. RHODES: I may tell my hon. friend that this item was put in purely on compassionate grounds.

Mr. BROWN: That would be true of this item which refers to books for the blind?

Mr. RHODES: Yes.

Mr. BROWN: That would be a good reason as far as this item is concerned. But I was thinking of the next item.

Mr. RHODES: We could take up item 194.

Item agreed to.

Customs tariff—194. Playing cards, in packs or in sheet form, n.o.p.; cards and sheets partly lithographed or printed, for use in the manufacture of such playing cards, per pack or equivalent: British preferential tariff, five cents; intermediate tariff, seven cents; general tariff, eight cents.

[Mr. Rhodes.]

Mr. RHODES: There is no change in the rates of duty, but it has been found that the payment of duty has been evaded by the sending in of cards in sheets printed on one side. Previously these sheets were classified as lithographed material. By simply cutting up the sheet a pack of cards is made which can be sold in direct competition with those manufactured in Canada and this change will apply the same duties to these sheets.

Mr. CASGRAIN: Who asked for this legislation?

Mr. BROWN: I do not understand the 15 per cent, 22½ per cent and 22½ per cent in the parallel columns.

Mr. RHODES: That is the duty they paid when classified as pictures. They will now pay the same rate as playing cards. Representations were made by the manufacturers of playing cards that they were being subjected to unfair competition and it was to prevent the evasion of the payment of duty that these sheets have been put in the same classification as playing cards.

Mr. CASGRAIN: Where are these manufacturers located?

Mr. RHODES: There are three plants in Canada; one at Montreal, one at Windsor and one at Toronto.

Mr. BROWN: There is also an excise duty?

Mr. RHODES: There is no change in the duty.

Mr. YOUNG: As I read the outer three columns, the present rates on these cards, whether in packs or in sheets, would be five cents plus 15 per cent, seven cents plus 22½ per cent and eight cents plus 22½ per cent.

Mr. RHODES: You do not add them together. Hitherto lithographed sheets have paid duties of 15 per cent, 22½ per cent and 22½ per cent, which is less than the specific rate.

Mr. YOUNG: The card manufacturers asked for this change?

Mr. RHODES: Yes.

Item agreed to.

Customs tariff—203a. Chemical compounds composed of two or more acids or salts soluble in water, adapted for dyeing or tanning: British preferential tariff, free; intermediate tariff, ten per cent; general tariff, ten per cent.

Provided, that when such chemical compounds are permitted free entry into the United Kingdom, by licence, under section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: I have an amendment which I will ask my colleague to move.

Mr. STEVENS: I move that the word "free" be deleted from line 2 of the proviso.

Mr. RHODES: Some of these articles are not free in Great Britain and it was intended that this tariff item should be applicable only to free items.

Mr. YOUNG: When you strike out the word "free," what do you intend to substitute?

Mr. RHODES: Nothing. Some of these commodities are subject to duty upon entering Great Britain, while some go in free; all are under licence.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—203b. Aniline and coal tar dyes, soluble in water, in bulk or in packages of not less than one pound weight: British preferential tariff, free; intermediate tariff, ten per cent; general tariff, ten per cent.

Provided, that when such dyes are permitted free entry into the United Kingdom, by licence, under section (2) of the Dye-Stuffs Act (1920) the rates of duty shall be: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: I have the same amendment in respect to this item and for exactly the same reason:

That the word "free" be deleted in line two of the proviso.

I would like to ask my colleague, the Minister of Trade and Commerce, to move it.

Mr. STEVENS: I move that.

Amendment agreed to.

Item as amended agreed to.

Customs tariff—206a. Bacteriological products or serum sub-cutaneous injection: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is a conference item which is being placed back on the free list.

Mr. DONNELLY: What is the reason for doing this? Is it on account of the discussion we had when these items were up last fall?

Mr. RHODES: The real reason was the difficulty of getting credit for returned unused serum which very rapidly deteriorated, and the fact that serum can be supplied more quickly from the United States.

Mr. MACKENZIE KING: How many of the conference items are being changed?

Mr. RHODES: Five, up to this point.

Item agreed to.

Customs tariff—208. Boracic acid and borax in packages of not less than twenty-five pounds weight; hydro-fluosilicic acid; tannic acid; ammonia, sulphate of; cyanide of potassium; cyanide of sodium and cyanogen bromide; antimony salts, viz.: tartar emetic, chloride and lactate (antimonine); arsenous oxide; precipitate of copper (crude); verdigris or subacetate of copper, dry; sulphur and brimstone, crude or in roll or flour; argols; iodine, crude; bromine; sulphide of arsenic; carbon bisulphide: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is correcting a purely typographical error.

Item agreed to.

Customs tariff—208e. Cresylic acid and compounds of cresylic acid, used in the process of concentrating ores, metals or minerals: British preferential tariff, free; intermediate tariff, fifteen per cent; general tariff, fifteen per cent.

Mr. YOUNG: What is the change?

Mr. RHODES: This is the existing item. It is here because at a later stage we take out xanthates, and deal with that.

Item agreed to.

Customs tariff—208o. (i) cream of tartar in crystals: British preferential tariff, free; intermediate tariff, ten per cent; general tariff, ten per cent.

(ii) Tartaric acid crystals: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RALSTON: Any change there?

Mr. RHODES: This is a conference item which we have, with the approval of the British government, restored to its former position. This is used largely in the drug trade, making cream of tartar.

Mr. DONNELLY: Who asked for the change and where is the commodity imported from?

Mr. RHODES: Last year we imported:

From—	Value
United Kingdom	$76,000
Germany	61,000
United States	31,000

That is of the tartaric crystals.

Mr. YOUNG: The British rate remains unchanged and the rates from other countries are lowered?

Mr. RHODES: It is restored to the free list.

Item agreed to.

Customs tariff—208u. Xanthates, for use in the process of concentrating ores, metals or minerals: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—209. Potash, muriate and sulphate of, crude; saltpetre or nitrate of potash: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—209d. Potash, chlorate of, not further prepared than ground: British preferential tariff, free; intermediate tariff, free; general tariff, free.
On and after July 31, 1933: British preferential tariff, free; intermediate tariff, fifteen per cent; general tariff, twenty per cent.

Mr. YOUNG: Any change there?

Mr. RHODES: There is a change. We are putting this commodity in precisely the same position as chlorate of soda. There is a reduction company at Buckingham near here, which is equipped and prepared to supply the market in Canada for both commodities, and which cannot make one without making both. It is illogical that one should pay a rate of duty and the other should be on the free list. We are placing both at the same rate.

Mr. YOUNG: Is the minister putting a duty on the by-products?

Mr. RHODES: No. This would be an entirely new production. They are not making either at the present time, but they will make both as a result of the conference act.

Mr. POWER: In what industry is it used?

Mr. RHODES: It is called the Electric Reduction Company.

Mr. POWER: But in what industry?

Mr. RHODES: The mining and metal-making industries.

Mr. STEWART (Edmonton): Where are the imports from?

Mr. RHODES: Last year the imports were as follows:

From—	Value
Germany	$37,500
Sweden	36,000
United States	10,000
United Kingdom	5,000

A total of about $90,000.

[Mr. Young.]

Mr. YOUNG: A value of $90,000 and the minister is putting a duty of from 15 to 20 per cent on it. That will mean from $15,000 to $18,000, for one industry. How many men will this industry employ and what wages will those men receive? This is a potential industry.

Mr. RHODES: I am sorry to say that I cannot tell my hon. friend how many men will be employed, because this is an entirely new industry; nor for the same reason can I tell him how much the men will be paid. I presume they will be paid the fair going wage; that is the only answer I can give him.

Mr. YOUNG: The minister is going to take $20,000 out of the pockets of the people of this country and hand it over to a certain industry. The understanding is that in return for this outlay a certain number of men will be employed at certain wages. Surely the minister should have some particulars.

Mr. RHODES: My hon. friend raises the age-old question as to who pays the duty. He knows quite well that in some cases the importer pays the duty, and in some instances the exporter pays it. Very strong representations are being made to us at the present time in connection, for instance, with the export of apples from the Annapolis valley. They say that notwithstanding the fact the Canadian apple has a preference of four shillings and sixpence per 100 pounds, United States competition is so keen that they are absorbing that tax. There are unquestionably cases where the exporter pays the duty. I do not for one moment subscribe to the view that because a duty of 20 per cent is placed on a commodity, that commodity will cost 20 per cent more. In that connection let me point out that already there is a duty of 20 per cent on chlorate of soda, and we are now placing the same duty on chlorate of potash to give a Canadian industry an opportunity to supply both. Under present conditions we would probably have to import both, whereas under the revised tariff, with a duty on potash, we do not have to import. As a matter of fact there is the anticipation that the Canadian company can not only supply the Canadian demand, but become exporters as well.

Mr. STEWART (Edmonton): As a matter of fact we have supplied our own potash, and as regards the age-old question about which my hon. friend speaks, it is admitted by his own party and himself that the consumer pays the duty. However, we shall not go into that.

Mr. RHODES: I do not want my hon. friend to misconstrue my remarks. I said that in some instances the importer paid the duty, but there are instances where the exporter pays it. The question is one of weighing the evidence in individual cases as to which pays the duty. In some cases they share it. To correct another error of my hon. friend, let me say that no chlorate of potash is made in Canada.

Mr. STEWART (Edmonton): What are the expectations regarding imports from Great Britain?

Mr. RHODES: Britain is not in a position to supply it.

Mr. STEWART (Edmonton): There is no reason then for putting this commodity on the free list so far as Great Britain is concerned?

Mr. RHODES: At a later stage she may ship it to Canada under free competition.

Mr. YOUNG: My hon. friend says that the exporter pays the duty. He knows, or should know, that if the exporter dares to pay the duty, the Minister of National Revenue will stop him. He will impose a dumping duty and forbid the exporter to pay. He insists on the people of Canada paying the duty. My hon. friend also said that one of these products is already being made in Canada, and that you cannot make the one without the other. If that is so, why put this duty on?

Mr. RHODES: It cannot be made economically; that is the only answer. I do not want my hon. friend again to put words into my mouth that I did not use. I merely made the statement in response to my hon. friend's very positive assertion that ipso facto the importer in all cases pays the duty. What I said was that in some instances undoubtedly the importer pays the duty and that in other instances the exporter pays the duty, and in some cases they halve the duty.

Mr. YOUNG: Can my hon. friend give an instance where—

Mr. RHODES: My hon. friend must not get so excited. There will be ample time for discussion. I merely wanted to make the position clear. I was not attempting even in connection with this one item to say that the duty was paid by the exporter or the importer or both. I was not attempting to apportion the duty at all so far as this item was concerned. I was merely dealing with the general principles laid down by my hon. friend.

Mr. YOUNG: My hon. friend is very careful not to get on solid ground. Can he give one instance where the exporter of goods to Canada pays the duty and is permitted to do so by the Minister of National Revenue —one single instance?

Mr. RHODES: I have not any doubt I could find any number of them.

Mr. YOUNG: Then for goodness sake do not tell the Minister of National Revenue or he will stop it.

Mr. RHODES: In no event would that question arise in connection with a commodity not produced in Canada.

Mr. DONNELLY: Where is chlorate of potash manufactured in Canada, and by whom?

Mr. RHODES: It is not being manufactured in Canada to-day but it will be manufactured at Buckingham in Quebec.

Mr. DONNELLY: You think it will?

Mr. RHODES: I am sure, by July of this year.

Mr. DONNELLY: It will not be the same as with glass at Hamilton?

Mr. RHODES: If we have the same experience with this as we had with glass, we shall take exactly the same action.

Item agreed to.

Customs tariff—210e. Nitrate of soda or cubic nitre when imported for use as a fertilizer, or in the curing or pickling of meats, or when imported by manufacturers of explosives for use exclusively in their own factories in the manufacture of explosives: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. DONNELLY: What change is made in this item?

Mr. RHODES: We are enlarging the free list to include this item.

Mr. DONNELLY: In what respect?

Mr. RHODES: By including it when the article is used in the pickling of meats.

Mr. DONNELLY: Who asked for this change?

Mr. RHODES: The packing industry.

Mr. RALSTON: I see the words are used, "or in the curing or pickling of meats."

Mr. RHODES: Yes, that is it. We are enlarging the free list by permitting importation for that use.

Mr. YOUNG: Does this also apply to what is used by the farmer in curing his own meats?

Mr. RHODES: I assume it would. That is a question of administration.

Item agreed to.

Mr. RHODES: I have a motion here, Mr. Chairman, to include a new item, to admit solutions of peroxide of hydrogen to the free list under the British preference.

Mr. POWER: We have enough peroxide blondes here now.

Mr. RHODES: This has been requested by Great Britain and has been agreed to by us as an enlargement of the conference agreements.

Mr. STEWART (Edmonton): Making it free?

Mr. RHODES: The only change made is that we are removing the duty of 15 per cent and putting the article on the free list.

Mr. STEWART (Edmonton): Hear, hear.

The CHAIRMAN (Mr. MacDonald, Cape Breton): That will be item 219, to be inserted after 210e.

Item agreed to.

Mr. RHODES: I have another item to move to include, under similar circumstances and for similar reasons, to put cod liver oil on the free list under the British preference.

Mr. RALSTON: Under what circumstances is that item being put on the free list?

Mr. RHODES: Great Britain requested the same privilege as is now being given to Newfoundland with respect to that commodity and we agreed.

Mr. RALSTON: Is there, or has there been, any importation of cod liver oil from Great Britain?

Mr. RHODES: The imports in 1932 amounted in value to $142,000, of which $64,000 came from Newfoundland, $54,000 from Norway, $22,000 from the United States, and $1,500 from the United Kingdom.

Mr. RALSTON: Are these importations of crude or refined oil, or both?

Mr. RHODES: They were not differentiated because there was no item before. They entered as fish oil, n.o.p., so I can only give the value. The new item is crude or refined.

[Mr. Rhodes.]

Mr. RALSTON: My hon. friend is sure that the importations that he gave of fish oil refer to cod liver oil?

Mr. RHODES: Yes.

Item agreed to.

Customs tariff—278. Oils, viz.: cocoanut, palm and palm kernel, not edible, for manufacturing soap; carbolic or heavy oil: British preferential tariff, free; intermediate tariff, ten per cent; general tariff, ten per cent.

Item agreed to.

Customs tariff—278d. Olive oil for manufacturing soap or tobacco, or for canning fish: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—315. Carbons or carbon electrodes over three inches in circumference or outside measurement and not exceeding thirty-five inches in circumference or outside measurement; carbons of a class or kind not produced in Canada, when imported for use in the manufacture of dry batteries and dry cells: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. REID: I notice that the last clause says, "carbons of a class or kind not produced in Canada, when imported for use in the manufacture of dry batteries and dry cells." There are carbon electrodes used in steel furnaces running from three to ten inches in diameter. What about those? This article mentions specifically carbons for dry batteries and dry cells.

Mr. RHODES: With respect to the first two items, 315 and 315a, the wording is entirely for purposes of clarification, to make certain that it covers electrodes as well as carbons, and bringing it into harmony with the wording of the next item. Secondly, it is to ensure free entry of carbons of a class or kind not produced in Canada for use in the manufacture of dry batteries and dry cells.

Mr. REID: Are there any carbon electrodes manufactured in Canada? I know they are used in steel electrical furnaces. I have used lots of them up to ten inches in diameter.

Mr. RHODES: Yes, they are manufactured in Canada.

Mr. YOUNG: Did not the minister say that these words were used only for clarification?

Mr. RHODES: That was with respect to the first two items, namely, 315 and 315a.

Mr. YOUNG: I am dealing with item 315, and I find there these words which are not

in the original item, "carbons of a class or kind not produced in Canada when imported for use in the manufacture of dry batteries and dry cells." Why are those words added?

Mr. RHODES: They had free entry before.

Mr. YOUNG: The words, "of a class or kind not produced in Canada" did not appear in the old item.

Mr. RHODES: That is quite true.

Mr. YOUNG: Why are they inserted here?

Mr. RHODES: My hon. friend will observe that there is an increase in the duty under item 316 which follows. The wording here ensures that there will be continued free entry—

Mr. YOUNG: On certain ones.

Mr. RHODES: Yes, of a class or kind not made in Canada. The others are of a class or kind made in Canada, and there is an increase in duty.

Mr. YOUNG: Hitherto these things have come in free, all of them. Now the minister is going to allow free entry only to those of a class or kind not made in Canada. Will he tell us why those words have been inserted in the item?

Mr. RHODES: I can give no additional information except to say that these articles which hitherto have come in free will continue to come in free, with the exception of those on which we place a duty under the next item.

Mr. YOUNG: But the minister must have had some reason for putting these words in.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

VANCOUVER, VICTORIA AND EASTERN-NORTHERN PACIFIC AGREEMENT

The house resumed from Monday, April 24, consideration in committee of Bill No. 48, to confirm an agreement between the Vancouver, Victoria and Eastern Railway and Navigation Company and the Northern Pacific Railway Company—Mr. McDade.—Mr. LaVergne in the chair.

On section 1—Agreement ratified and confirmed.

Mr. MANION: With regard to this section, Mr. Chairman, I have an amendment to offer. It is in accord with the remarks made by the Prime Minister the last time this bill was up for discussion in the house, and is designed to prevent this railway from abandoning any line or service without the consent of the Board of Railway Commissioners. This amendment is also in accord with the amendments which we propose to move with regard to the Canadian National-Canadian Pacific bill, which is now before the house. I move that the section be amended by adding the following:

provided, however, that no abandonment of the portion of the line of railroad referred to in the said agreement shall be made without the approval of the Board of Railway Commissioners for Canada.

Amendment agreed to.

Section as amended agreed to.

Section 2 agreed to.

Preamble agreed to.

Bill reported, read the third time and passed.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. LaVergne in the chair.

Customs tariff—315. Carbons or carbon electrodes over three inches in circumference or outside measurement and not exceeding thirty-five inches in circumference or outside measurement; carbons of a class or kind not produced in Canada, when imported for use in the manufacture of dry batteries and dry cells: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. YOUNG: Under this item certain carbons and carbon electrodes were admitted free, but now a smaller number will be so admitted; the words "of a class or kind not produced in Canada" have been added. When the house rose at six o'clock I was arguing that these words must have been put there for a purpose, and I should like the minister to tell us exactly what that purpose was.

Mr. RHODES: As a matter of fact, Mr. Chairman, the carbons which are affected by these tariff items are manufactured by one company only, as I understand it.

Mr. YOUNG: What is that company?

Mr. RHODES: The Canadian National Carbon Company. The effect of items 315 and 315a is merely to maintain the position as it exists to-day, namely, that all carbons will be admitted free of duty with the exception of

those which are now subject to taxation under item 316, which follows. That is to say, a duty is imposed upon certain of the larger types of carbons under the intermediate and general tariffs. I may say to my hon. friend that so far as I am aware there has been no opposition to these proposed tariff changes from any quarter.

Mr. YOUNG: They are only coming to life. A certain company now undertakes to make certain carbons in Canada, and because of that the classes of carbons which they undertake to make are to be excluded by a higher duty. Can the minister tell us what quantities of these carbons we have been importing in the past?

Mr. RHODES: Is my hon. friend's question directed towards all the items or merely towards the particular item before the committee? In order to answer the question fully I may say that under item 315 our total importations last year amounted to $235,600. Those came entirely from the United States, and of course they will continue to come in free as heretofore. Under item 315a, which covers carbons more than 35 inches in circumference, last year we imported goods to the value of $43,000, entirely from the United States. The importations coming under the classification contained in item 316 amounted last year to $72,000, and of that sum $46,000 came from the United States and $25,000 from Germany.

Mr. RALSTON: Could the minister give us the weight?

Mr. RHODES: I am sorry I have not that information. The production in Canada of carbons of all kinds, that is to say, carbons which would come under these three items to which I have referred, amounted last year to $1,500,000, so the committee will observe that this is a very substantial industry in Canada. That manufacture was confined largely, if not entirely, to the class of goods coming under item 316.

Mr. YOUNG: And now this company is going to extend its operations and make other kinds of carbons, so we put them under a duty. The minister told us the total importations under items 315 and 315a, but evidently part of those importations is to be left on the free list. Has the minister any figures as to the percentage of those importations which would be affected by this change?

Mr. RHODES: The best answer I could give to that question is contained in the relative figures I have just submitted to the committee. I may point out to my hon. friend and to the committee that the company which manufactures this large volume of carbons coming under the classification contained in item 316 is also a very heavy importer of the class of carbons contained under items 315 and 315a.

Mr. YOUNG: Naturally we would expect that the company which is asking for high protection on the article it has to sell would want its raw materials to come in duty free. The minister did not need to tell us that.

Item agreed to.

Customs tariff—315a. Carbons or carbon electrodes exceeding thirty-five inches in circumference or outside measurement: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—316. Electric light and arc carbons, pointed or not, and contact carbons, n.o.p.: British preferential tariff 22½ per cent; intermediate tariff, 32½ per cent; general tariff, 35 per cent; and, per pound: British preferential tariff, ...; Intermediate tariff, 20 cents; general tariff, 20 cents.

Item agreed to.

Customs tariff—327. Spectacles; eyeglasses, and ground or finished spectacles or eyeglass lenses, n.o.p.: British preferential tariff, 20 per cent: intermediate tariff, 27½ per cent; general tariff, 30 per cent.

Mr. RHODES: There is no change in this. This is the parent item, and it is named for the purpose of providing for the next item, which is free.

Item agreed to.

Customs tariff—327a. Contact eyeglasses or lenses, designed to be worn in direct contact with the human eye, under the lid: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: This is a new item which admits free of duty a class of lenses known as contact lenses, manufactured solely in Germany. It is attached to the eyeball under the lid. Naturally it is of very delicate and highly scientific construction and has the effect of enabling those who are practically blind to see at least partially; and in some cases it restores sight to a remarkable degree. The item is included largely on compassionate grounds.

Mr. YOUNG: Suppose some Canadian grinder offers to make them in Canada: will the minister give us an assurance that the duty will not be put on at some time in the future?

Mr. RHODES: I could not give an undertaking to bind future governments or parliaments, but I have not the slightest hesitation in saying that there is no possibility whatever of an industry starting up in Canada to manufacture a unique lens of this kind. Obviously it does not lend itself to quantity production. These glasses cost $53 and are almost entirely handmade by highly skilled experts. So far as one can forecast the future, I think I am safe in saying that there is not the slightest possibility of any tariff being imposed on this item in the near future.

Mr. JACOBS: Is Germany the only country in which this article is being manufactured?

Mr. RHODES: All that have been imported heretofore have come from Germany.

Mr. JACOBS: Is there any other place in the world from which they could come?

Mr. RHODES: If any other place makes them they can come in.

Item agreed to.

Customs tariff—353. Aluminum and alloys thereof, crude or semi-fabricated, viz.: Pigs, ingots, blocks, notch bars, slabs, billets and blooms: bars, rods and wire: angles, channels, beams, tees and other rolled or drawn sections and shapes; pipes and tubes; plates, sheets and strips, including circles; leaf or foil, less than ·005 inch in thickness, plain or embossed, with or without backing; wire and cable, twisted or stranted, reinforced with steel or not; aluminum powder: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 30 per cent.

Mr. RHODES: This is the n.o.p. portion of the parent item. It enables us to deal with item 353a. We found that there was not available in Great Britain a sufficient quantity of aluminum scrap to provide for the needs of the Canadian industry and therefore, after a conference with the authorities of the British government, it was agreed that we should eliminate 353a from the conference item, so that it is now restored to the free list, under the British preference, under the intermediate and under the general tariff.

Item agreed to.

Customs tariff—353a. Aluminum scrap: British preferential tariff, free; intermediate tariff, free; general tariff, free.
Provided, that nothing shall be deemed to be aluminum scrap except waste or refuse aluminum, fit only to be remelted.

Mr. RALSTON: In connection with the conference items, in respect of which adjustments have been made, is any corresponding adjustment contemplated in the British tariff—I do not mean with regard to this particular item but so far as items in the British tariff are concerned. Are there items in the British tariff that are being adjusted as against us?

Mr. RHODES: There are compensating adjustments which are either contained in the provisions laid down in the budget or which we shall move as we proceed. I might mention telephone apparatus, for instance. That was free under the British preference in accordance with the conference agreement, but Great Britain has now agreed to our restoring the duty on it.

Mr. RALSTON: Does the minister mean that there are adjustments within our own tariff—compensating adjustments?

Mr. RHODES: Yes.

Mr. RALSTON: I was asking, however, whether Great Britain was making any changes in her tariff to compensate us for such adjustments as we are making.

Mr. RHODES: No, except to harmonize with these.

Mr. YOUNG: I would point out to the minister that this is a manufacturers' item. The raw material of a certain class of manufacturers is admitted free whereas it used to carry a duty of thirty per cent. Is there any corresponding reduction in the consumers' item?

Mr. RHODES: The hon. gentleman says that this is a manufacturers' item. Of course, it is available to anyone who wishes to use aluminum scrap.

Mr. YOUNG: But no one will buy scrap unless he intends to manufacture something out of it.

Mr. RHODES: Nor will he otherwise buy pigs or ingots or any further finished forms.

Mr. YOUNG: But that is not the question. We are reducing the duty on the raw material used by certain manufacturers. Are we at the same time making a corresponding reduction in the duty on the finished product made from that raw material?

Mr. RHODES: We are now dealing only with aluminum scrap.

Mr. YOUNG: Are we going to deal with the finished product, after the scrap is made into some utensil?

Mr. RHODES: I have no doubt parliament will decide to do so from time to time as occasion arises.

Mr. RALSTON: As the tariff board recommends.

Item agreed to.

Customs tariff—366b. Parts of watch movements, finished or unfinished: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 15 per cent.

Provided, that when imported under the intermediate or general tariffs, the duty on plates, designed to hold in place four or more wheels or other moving parts shall not be less than, per plate: British preferential tariff, ...; intermediate tariff, 10 cents; general tariff, 15 cents.

Mr. STEWART (Edmonton): What is the change?

Mr. RHODES: This enlarges the item, widening the opportunity for importation under the free list. Hitherto the item as it originally appeared in the conference agreement dealt only with hot rolled stainless steel. This enlarges the item by admitting cold rolled and highly polished steel.

Item agreed to.

Customs tariff—385a. Sheets, plates, hoop, band or strip, of rust, acid or heat resisting steels, hot or cold rolled, polished or not, valued at not less than five cents per pound: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 20 per cent.

Item agreed to.

Customs tariff—409j. Fanning mills; peavviners; corn husking machines; threshing machine separators, including wind stackers, baggers and self feeders therefor; complete parts of all the foregoing: British preferential tariff, free; intermediate tariff, 15 per cent; general tariff, 25 per cent.

Mr. RHODES: This is only a portion of the parent item. It appears to enable us to deal with 409r, which follows, one removed.

Item agreed to.

Customs tariff—409q. Complete parts for repairs, under regulations prescribed by the minister:

(i) For the implements or machinery enumerated in tariff items 409c, 409e, 409f, 409g, 409j, 409o, 409p and 439c: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

(ii) For the implements or machinery enumerated in tariff item 409b: British preferential tariff, free; intermediate tariff, 7½ per cent; general tariff, 7½ per cent.

(iii) For the implements or machinery enumerated in tariff item 409d: British preferential tariff, free; intermediate tariff, 6 per cent; general tariff, 6 per cent.

(iv) For the implements or machinery enumerated in tariff items 409h and 409n: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 15 per cent.

(v) For the implements or machinery enumerated in tariff item 409k: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 17½ per cent.

Mr. BROWN: This item, 409q, we had occasion to bring to the attention of the house before. It deals with repair parts of agricultural machinery. It has been discussed in the house on different occasions, it was brought up last session and again this session. It contains one very interesting stipulation:

Complete parts for repairs, under regulations prescribed by the minister.

I have no doubt the house would like to have an assurance that these regulations will not be of the kind passed last year, about May 25, when a distinction was drawn between repair parts imported by the makers of implements and those that were imported by other persons, notably the companies in Winnipeg that undertook to import parts from the United States from those concerns that make repair parts for all implements. This was proved to be a very serious matter last year. It meant that the price of these parts was increased to the consumer here during the season. I am told that in some districts in Saskatchewan dealers failed to provide themselves with repair parts and farmers were put to great inconvenience. The regulation passed last year was one of the most iniquitous I have known. It made a distinction between two classes of dealers in the same goods. We are happy to know that the protests made against this regulation were effective. This item contains the words, "under regulations prescribed by the minister," and I would like to get the assurance of the minister that no regulation similar to the one passed last year will be introduced in connection with this item.

Mr. RHODES: The purpose of this item is to eliminate the provision which was included in the item some three years ago limiting its operation to a period of time. The time for the application of this item was extended upon two different occasions and if the present item was not included it would mean that higher rates of duty would have prevailed after March of this year. Our intention is to make permanent the present existing low rates. In reply to the hon. member for Lisgar may I say that the words, "under regulations prescribed by the minister" appear in innumerable items in the tariff. These words have appeared in this particular item for a number of years and they were in the item during the administration of the government which I assume my hon. friend supported upon occasions.

Mr. BROWN: They did not pass the regulations which this government did.

Mr. RHODES: I could not give any undertaking as to what regulations will be prescribed by the present or any future Minister

of Finance. However, I can assure my hon. friend that there is nothing sinister in the item and I have no doubt it will be administered to his satisfaction.

Mr. BROWN: After the trouble the government got into last year, I am sure they will not repeat their action.

Mr. MOTHERWELL: I have not as much confidence in the government as has the hon. member for Lisgar. The Minister of National Revenue can do anything he likes as far as the tariff is concerned and there is no finality in any of the regulations which may be passed by the government. During the past few years the farmers have been buying very few new implements; they are tinkering and patching up the old machinery. It was little short of a crime to shoot up the tariff on repair parts the way it was done last year. Even after the rates were reduced, they were still ridiculously high. Some of the dealers in the smaller villages were unable to carry stocks and any repair parts ordered had to be sent from Regina or Winnipeg. They were sent by express and with the express charges added to the duty it made the cost of the repairs almost prohibitive. In some cases it would have been almost cheaper to buy a new machine. I warn the government that if there is any more of that kind of monkeying there will be a row all over Canada. If that kind of thing is repeated the government will need to tie their heads on their shoulders if they do not want something to happen.

Mr. RYCKMAN: In view of what has been said, I feel I should say a word or two in answer. The speaker who first introduced this subject seems to be treating matters regardless of the facts. I am surprised that a gentleman with his past history and the knowledge which we know he possesses should make statements which are wholly untrue. There was no regulation passed that had a different application to one from that which it had to another, and I defy my hon. friend to produce such a regulation. In reply to the former Minister of Agriculture I would say that his friends out there did not want to buy anything else but goods made in the United States.

Mr. YOUNG: That is all nonsense.

Mr. RYCKMAN: One firm wrote to me and told me that they had sent out 1,800 circulars. What did those circulars say? They stated that because of the action taken by the government they had been compelled to increase their prices ten per cent and knock off the cash discount which had previously been given. That was an erroneous statement. What happened? As soon as this action was finally taken an hon. member of this house asked the government to refund the money which had been paid in duty. After they had said that they had taken care of this matter in the manner I have indicated, the plea was put forward by an hon. member that the government should return the money which had been paid in duty.

Mr. BROWN: I had nothing to do with the action taken by any of these companies. I have not the slightest doubt that commercial companies would take such action as that indicated by the Minister of National Revenue. The minister has stated that I made a statement which was not in accordance with the facts. I want to know what that statement was. We will have to go into this matter a little more fully. We are all aware of the course which was pursued with regard to the duties on repair parts for agricultural implements. We know that the application of the higher rates of duty was postponed from time to time. About March 1, or some time early last session, the hon. member for South Battleford brought this matter to the attention of the Prime Minister. At that time the Prime Minister gave a somewhat discourteous answer. He intimated that the hon. member should know better than to ask a question which could be answered only after the budget had been brought down.

Mr. GOTT: Is that discourteous?

Mr. YOUNG: It is typical.

Mr. BROWN: The higher rates of duty were to be imposed on April 1 and about that date the hon. member for South Battleford asked the Minister of Finance for information regarding the higher rates of duties. The Minister of Finance stated that he was happy to inform the hon. member that the matter was being taken care of by order in council. A few days later the budget came down and the Minister of Finance stated that there was only one change in the tariff. He referred to this particular item and indicated that the lower rates of duty would be in effect for another year. We accepted that as satisfactory. But some time about May 25, so we are informed, while this house was still in session, an order went forth from some department of government, either finance or inland revenue, that those lower rates of duties should apply only when repairs were imported from firms that actually made the implements and the higher rates of duty were imposed upon all repair

parts produced by companies across the line which make a specialty of manufacturing repair parts.

I had occasion to buy some ploughshares. They are perhaps one of the most important items that come into this particular list. When these companies began to supply the farmers with ploughshares, we were able to get for about $5 ploughshares for which we formerly paid $10 a pair. The dealer in my town, who, I believe, is a supporter of this government—and I do not know whether he will be at the next election; I do not think he will—along with other dealers brought the matter to my attention and the fact was that the price of ploughshares was raised, I cannot at the moment say how much. What we object to—and the statement I have made is in accordance with the fact—is that the high rates of duty were imposed upon repair parts coming from the United States when they were imported from companies manufacturing repair parts, but they were not imposed when the repair parts were imported from companies that made the machines for which the repair parts were intended. If I have made any statement that is not in accordance with fact, I want the Minister of National Revenue to tell me what that statement is. I have stated the case exactly as it exists.

The matter was brought to my attention by a Winnipeg firm the head of which, I may say, has also been a supporter of this government. I have known him for many years as a Conservative. As soon as I got his letter, I wrote to the minister about it. I did not receive a reply for some time, but later I got an answer stating that the government was considering the question. Before I came to the house last fall, I went to the head of the firm in Winnipeg and asked whether the matter was exactly as he had represented it to me in the early part of the summer. I found that no change had been made; that the high rates of duty were still being imposed and collected. On the first opportunity I had I presented the matter to the house and we had the satisfaction of knowing that two days afterward the obnoxious regulation was cancelled. These are the facts of the case. My object in speaking of it now is just to ensure that such a regulation will not be passed again, and that no distinction will be made between two makers of ploughshares or anything else. Have I made any statement that is not in accordance with facts?

Mr. RYCKMAN: If the hon. member will sit down, I will tell him.

[Mr. Brown.]

Mr. BROWN: The minister took occasion to make a somewhat sneering remark that from what he knew of me he would not have thought I would make such a statement. That was altogether uncalled for.

Mr. RYCKMAN: The statement to which I referred is, I have no doubt, within the recollection of the house, and if not, it will be found in Hansard to-morrow. He said that regulations were made by the administration which had different applications to different people, and some were privileged and some were not. I say that that is not correct.

Mr. MOTHERWELL: If I heard the minister aright, he has not made an explanation at all, and he certainly made a gross misstatement a little while ago when he said that I and my friends insisted on buying our repairs from the United States. That is a contemptible libel. I wish I had stronger language to use and could get past the chairman with it; and I want it to be considered as having been used. The farmers of the west, prior to this government coming into power, were more and more buying agricultural machinery in Canada. There was such a low tariff we could afford to do this and good feeling had developed between the farmers of the west and the farm implement manufacturers who were doing well, under a low duty. This tribe across the floor, after raising the duty on implements all along the line to 25 per cent and promising to keep the duty on repairs down to the old Liberal duty as if that were a great act of grace and compassion to the farmers, did not even keep that promise. They put the duty on repair parts up to the same rate as that on the original machinery. Then the Minister of National Revenue, after his own colleagues had apparently disciplined him into reducing the duty by a change in regulations tells us that we are making untruthful statements when, as a matter of fact, if he would examine himself he would not have to go out of his own seat to find that it was he who was making untruthful statements. I do not know what else to do except to go across the floor and see what I can do further by way of persuasion, with my hon. friend. Those of us who have had to lose our hides in buying farm machinery repairs know the difference between 25 per cent and 15 per cent, and we know the difference between six per cent and 25 per cent on the original article; yet they try to mislead the people outside and my friends to my left will tell us that there is no difference between the two parties with respect to the tariff. One is just four times as high as the

other on nearly all the farm machinery we use. We thought we were getting a little mite of a concession that one might put in one's eye and see none the worse for it, with regard to repairs; then the government took that away and tried to flim-flam the people that they did not do such a thing. It was his own colleagues plus himself, since the house met last October, that passed the regulation to lower the duty on repairs and thus remove the grievance complained of. The farmers of the west, in these times of depression, do not care where the repair parts are made; very few know where they are made; all they know is that this government socks them every time with high duties and hard regulations difficult to comply with.

Did the minister tell the hon. member for Lisgar wherein he made a misstatement? No; he gives us just the usual mumbling reply, trying to get past, but, if I know anything about the matter, he is not going to get past this time.

Mr. BROWN: Not a member from Manitoba on that side will say that I have not stated the facts, because they have had representations from these machine companies just as I have, and I have no doubt they have made representations on the subject to the minister. I am not going to submit to the remark that I made a statement which was not in accordance with facts. I have stated the facts. Will the minister himself say that the duty on repair parts coming from the United States was not 25 per cent? No; he will not make the statement. Well, that is all the statement I made and the distinction was between the two classes of dealers I have indicated.

Mr. RYCKMAN: The statement I made was explicit; it was in answer to the hon. member for Lisgar's remark that regulations with a different application to different companies had been made by the Minister of National Revenue. That is contrary to the fact.

Mr. YOUNG: What is the fact?

Mr. RYCKMAN: Anything that was done by the Minister of National Revenue had application to everybody who came under any such regulation. If Hansard is consulted tomorrow, it will be found that the hon. member for Lisgar made the statement I have said he did.

With regard to the ex-Minister of Agriculture, I must say that he certainly gets away with a great deal, but it is a pleasure to listen to him. He occupies a unique position in the house. He can make any statement, and sometimes those of us who cannot possibly agree with any part of what he is saying are pleased indeed to hear him carry on something that is in the nature of, well, I will not say buffoonery, but if anyone else can think of some word that is parliamentary to describe it, I will endorse it. The point is clear that those who are interested in this matter wanted to get their parts from the United States. The fact that the item is in the tariff shows that. The hon. ex-Minister of Agriculture denies that, although the item could have no application to anything else.

Mr. STEWART (Edmonton): You could not get them anywhere else. They are manufactured only in the United States.

Mr. RYCKMAN: Of course, but the ex-Minister of Agriculture does not take that into consideration at all. He gives us a pleasant harangue which we can enjoy because there is humour in it if there is not sense.

Mr. LAPOINTE: We cannot say the same of yours.

Mr. BROWN: Let us take a concrete case. I have a John Deere plough. I could buy shares from the United States made by this company which makes a specialty of manufacturing parts for $5 a pair; I am giving approximate figures. If I buy John Deere shares in Canada from a John Deere company I pay about $10 a pair. That is the situation that we objected to. The 25 per cent duty was levied against this cheaper class of shares which we have found in our experience serve our purpose just as well as the higher priced shares. The same is true of binder canvas and a number of other items, but ploughshares are the biggest item in the list. The minister may quibble about the duty being applied to all people. Well, I suppose that is true of all people importing exactly the same kind of goods. But here we have two classes of importers or dealers who are handling repair parts and in each case the parts serve the purpose for which they were intended, but in one case a duty of 25 per cent is applied and in the other a duty of 6 per cent. So the Minister of National Revenue cannot get away with any quibbling of that kind.

Mr. MULLINS: I took up with the Minister of National Revenue the matter which the hon. member for Lisgar has mentioned long before he had anything to do with it.

Mr. BROWN: You did not get any results.

Mr. MULLINS: I did. You see the results to-day. I know to whom my hon. friend is referring. It is Mr. Ackland. The hon. member for Lisgar is trying to take all the credit.

As a matter of fact the farmers of the west are buying agricultural machinery cheaper to-day by 25 per cent than they could buy it under hon. gentlemen opposite. What more evidence do you want? By the way, when the hon. member for Lisgar talks about "shears" does he mean ploughshares? Shares is the right pronunciation, and I am glad to put him right. If he does not understand it, let him look it up in the dictionary. The gentleman to whom my hon. friend referred was a Conservative and he came to me in the Carlton Club and told me that a certain firm was manufacturing these parts in the United States, and that they could be supplied in this country. I brought the matter, as I have said, to the attention of the minister and he was kind enough to remedy the situation, and now my hon. friend from Lisgar is trying to take the credit for it. He wants to go back to Lisgar and parade as a low tariff champion, that he has done something for agricultural implements. Why, Mr. Chairman, forty years ago when the duty was 35 per cent I bought a binder for $120 or $130, as did many hon. gentlemen and they were cheaper then even with that duty than you can buy them to-day. What does it matter what the duty is as long as you can buy the implements cheaper? I repeat, you can buy them cheaper to-day than you could under hon. gentlemen opposite.

Mr. BROWN: The minister must be praying to be saved from his friends. The hon. member for Marquette said that he went to the minister with a grievance and that the minister remedied it. What was the grievance and what was the remedy? That is what we want to know. As a matter of fact, the remedy came two days after I brought the matter to the attention of the house last fall.

Mr. MULLINS: The hon. gentleman has asked me a question and I want to answer it. The remedy was that Mr. Ackland came to see me, and I think my hon. friend from Lisgar will agree that he came to me before he came to him. I brought the matter to the attention of the minister and that situation was remedied, and to-day you can buy ploughshares cheaper than you could years ago when my hon. friends opposite were in power.

Mr. SPEAKMAN: There is no question that the facts were as stated. Repair parts were to come in under a low rate of duty, 6, 7 and 10 per cent. Unquestionably the duty was so arranged by regulation that the low rates applied to the manufacturers of certain lines of goods, but certain dealers termed pirate dealers had to pay the higher rate of duty, 25 per cent, on ploughshares, binder canvas and other articles. There is no doubt at all that that increased the price. Complaints were made by many farmers from western Canada that the price had been increased by at least the difference in the duty. Naturally the matter was brought to the attention of the government and finally it was rectified. As to who deserves the credit I do not know or care. A great many members from the west, Conservative, Liberal and Progressive, were all familiar with the facts. I was one of those who sent a wire to the Prime Minister, and others did, and perhaps action was brought about as the cumulative effect of pressure from all sides and by the irrefutable facts themselves. The facts were as has been stated. The situation was brought about by a regulation, and the result was a higher price, and every farmer in Canada knew it.

Mr. MOTHERWELL: I think it has been amply confirmed that there was a grievance, and so far as I am concerned, I am willing that the hon. member for Marquette should get the credit for redressing that grievance by going to somebody and he going to somebody else, and finally to the government. The reason we are bringing this question up to-night is that we want no more monkey-shining of that nature, either with repairs or anything else. What happened was that after we got a statement in the house assuring us that we would get a low rate on repairs, after we went home a higher rate was applied. We do not want to have that kind of business repeated. Apparently the Minister of National Revenue thought that what I was saying a few minutes ago was an attempt at humour. I never felt less like being humorous in my life. Apparently my hon. friend does not appreciate when I feel like going to the extremest lengths possible in trying to get a little horse sense filtered through his cranium on agricultural matters. I hope the Minister of Finance will take his colleagues in charge and if the government are going to let him run at large much longer, at least let them give him the hint that he must not repeat his unwarranted action of last year.

Mr. DONNELLY: There is no doubt whatever that there was a grievance in regard to the importation of repair parts for agricultural implements. The hon. member for Marquette has admitted that there was one, and we all know it. With regard to the manufacture of implements, there are two classes of cases. We have in western Canada farmers who came in there from the United States, good farmers, and who brought their machinery with them—

not that they wanted to buy machinery made in the United States rather than that made in Canada, but they had this machinery and brought it with them. There are hundreds of them in my constituency. Many of these old implement concerns in the United States have gone out of business, and therefore owners of the machinery are not able to get repairs from the parent company. But many companies have started up all through the United States making repair parts for different machines. These men could not get repair parts from these manufacturers in the United States without paying the higher rate of duty. If you had a John Deere plough, as the hon. member for Lisgar mentioned, you could order a ploughshare from the John Deere company in the United Staes and get it in at the lower rate of duty, but if you ordered it from one of these repair part concerns you had to pay the higher rate. That was the grievance, because hundreds of people could not order from the parent company; there was no parent company and they were obliged to order from these repair part companies. Therefore, as the hon. member for Lisgar said, the regulations did not apply equally, one man paid a low rate of duty and another had to pay a high rate. So when the hon. member for Lisgar said that regulations were passed by this government that did not apply to all people alike, he said what was absolutely true. That is what Mr. Ackland referred to. He handles these repair parts, not for any line company but for the different agencies in the United States, and he was anxious to get this lower rate of duty so that he could sell on the same low cost as before. What we are asking for to-night is that the minister will see that no such regulation is made effective again, whereby some have to pay a high rate of duty and others a low rate. This regulation continued in force all last summer; the grievance was not remedied until the fall when repair parts were not needed. It is in the summer time we do the farming, not in the winter.

Mr. YOUNG: The Minister of National Revenue made a statement that we on this side of the house cannot allow to go unchallenged. He stated that our friends in the west wanted to make all their purchases in the United States. The effect of the regulation that he put into force last year was not to stop the importation of goods from the United States, but to say to the farmers of the west: If you want to buy goods imported from the United States you must buy them from certain favoured individuals. A certain charmed circle were given the benefit of the lower rate; everyone outside that circle was compelled to pay the higher rate. Those belonging to the charmed circle were charging a price nearly twice as great as the others were charging. The minister had no right to make the statement he did, and we resent it. We resent the attempt to force our purchases into the hands of particular manufacturers.

Mr. MULLINS: The hon. gentleman is wrong. Manufacturers of agricultural implements in the United States can always bring in their repair parts at the lower rate. These ploughshares imported by Mr. Ackland were sold by the blacksmiths throughout the country and sold cheaper. I do not want the hon. member to take all the credit for that, because I think I had something to do with it, in fact I think the Minister of National Revenue will bear me out when I say that I had considerable to do with it. However, if it is any satisfaction for the member for Lisgar to take the credit and to get a few votes, it does not bother me.

An hon. MEMBER: Why didn't you start earlier?

Mr. BEAUBIEN: May I ask the hon. member for Marquette one question? Why didn't the hon. member have the minister rectify it before the winter if he was so much interested in the farmers getting cheaper implements? The hon. member for Marquette knows that if you buy repair parts from these independent companies you can buy them at least seventy-five per cent cheaper than you could from the companies which make the machines. The farmer was buying these parts from independent companies who do nothing else but make repair parts, for the simple reason that he could not afford to pay the prices the parent companies were charging. Yet this government and the Minister of National Revenue put a duty of twenty-five per cent on those cheap repairs, which the farmer needs to-day more than ever because the prices of his commodities have gone away down, and allowed repairs to come in from the parent companies at six per cent duty. Yet my hon. friend from Marquette, who wants to take credit for having this duty removed, allowed it to go on all summer. If my hon. friend from Marquette has as much influence with the minister as he claims, he should have used it throughout the summer and not allowed this injustice to continue for six or seven months.

Mr. MULLINS: The hon. gentleman is entirely wrong. I brought it to the attention of the minister and it did not take all summer. It has been remedied. I want to ask

these two hon. gentlemen who are championing cheap implements if they are not now buying implements ten or twenty per cent, yes thirty per cent cheaper than they were before?

Mr. BEAUBIEN: I will answer the question if you will let me.

Mr. MULLINS: This talk about the tariff bogy is all for votes; there is nothing to it. We are buying implements cheaper to-day than we ever did under the regime of the hon. gentlemen, any time from 1822 to 1930.

Mr. BEAUBIEN: Since this government has been in power the farmer has no purchasing power to buy implements, and he has to buy repairs.

An hon. MEMBER: Where? Canada or the United States?

Mr. LAPOINTE: Where they make them.

Mr. MULLINS: I realize it just as well as hon. gentlemen opposite.

Mr. BEAUBIEN: Then you should not be sitting over there.

Mr. MULLINS: You are just playing to Hansard, trying to get a lot into Hansard to go to the country with. I will not stand for that. Let us be fair and not play that game any longer. I don't care two straws about getting on Hansard, but I want to play fair. I am as much a champion of cheaper implements and of aid to the farmer in western Canada as either of the hon. gentlemen opposite who spoke.

Mr. BEAUBIEN: The hon. member for Marquette knows that the duty on these implements was equalized in the month of October, doesn't he?

Mr. MULLINS: The hon. gentleman knows very well it has been remedied, does he not? Will he answer the question, yes or no?

Mr. BEAUBIEN: Yes, it has been remedied.

Mr. MULLINS: Then what more do you want? That is all there is to it.

Mr. BEAUBIEN: I can say to the Minister of National Revenue and to the hon. member for Marquette, that it was rectified in October, but the duty was imposed all summer, when we needed repairs. I am pleading with the Minister of Finance, the Minister of National Revenue and the hon. member for Marquette not to allow the same trick to be played this summer. That is the point. I hope my hon. friend from Marquette will see the Minister of National Revenue before he goes back to his constituency, or see him now, and tell him that if he ever does that sort of thing again he will cross the floor and join the C.C.F.

Mr. MULLINS: The hon. member has taken too much on himself. I want to ask what he was doing during the eight years his party was in power. To-day in western Canada we have cheaper machinery than we have had for several years

Mr. BROWN: I should like to make an explanation, in case any person might accuse me of making a wrong statement. I want it to be understood that the ploughshares to which I referred are not the same type of shares mentioned by my hon. friend. One is called the soft centre share, and this is supposed to be the best ploughshare, but the farmers have found from actual experience that the crucible share, which is imported from the United States, serves their purpose equally well. That is the share to which I referred, and I want that understood in case it might be thought that I was referring to the same implement.

Mr. GOTT: After this extended controversy with regard to repairs to farm implements, Mr. Chairman, in view of the unemployment problem in Canada I should like to ask the minister if some means could not be devised whereby all this repairing could be done in Canada by Canadians.

Item agreed to.

Customs tariff—409r. Weighers for use as parts of threshing machine separators, and complete parts thereof: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Item agreed to.

Customs tariff—417. Machinery and complete parts thereof, and structural iron and steel, of a class or kind not made in Canada, when imported for use exclusively in the construction or equipment of factories for the manufacture of sugar from beet-root, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. YOUNG: What is the change here?

Mr. RHODES: The only change is that it confines the free items to those of a class or kind not made in Canada.

Mr. YOUNG: Once again our old friend "of a class or kind not made in Canada" appears in the tariff. If it is not in an item to-day it appears in it to-morrow; it seems to spring up in an item overnight, as the manna appeared to fall from heaven—and I think this is manna to some people. Would the minister tell us who will benefit by this change?

Mr. RHODES: I might point out that last year the total importations coming under this item amounted to only $8,500, but the provision is placed here so that dumping may not take place to the detriment of certain Canadian industries which can supply these commodities. I have particular reference to certain continental competition.

Mr. YOUNG: Must we pass an act to provide for the elimination of competition to the extent of only $8,500?

Mr. RHODES: This is to prevent the threatened importation of slaughtered goods to the detriment of Canadian industry.

Mr. YOUNG: That is not a satisfactory explanation. A gentleman once appeared before the tariff board wanting a higher duty, I think on enamelled ware. When asked why he wanted it he said because the goods were being dumped into Canada from Japan, but when the board looked up the importations from Japan they amounted to something less than $10. Surely this small importation is not sufficient justification for this change.

Mr. STEWART (Edmonton): What rate of duty will prevail here?

Mr. RHODES: If it came under the machinery item the duty would be 15 per cent, 27½ per cent and 35 per cent.

Item agreed to.

Customs tariff—428d. Magnetos and complete parts thereof, when imported by manufacturers of internal combustion engines, for use exclusively in the manufacture of such internal combustion engines, in their own factories: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

Mr. RHODES: This reduces the duty, which at present is 15 per cent, 25 per cent and 30 per cent.

Mr. YOUNG: Is there any corresponding reduction in the consumers' item?

Mr. RHODES: This is a consumers item.

Mr. YOUNG: No, this is only for manufacturers.

Mr. RHODES: It will reduce the cost of the engine to the extent that the cost of the magneto is reduced.

Mr. DONNELLY: Who asked for the change?

Mr. RHODES: The manufacturers of internal combustion engines asked for it.

Mr. STEWART (Edmonton): But the duty will remain the same to anyone else?

Mr. RHODES: They will be no good to anyone else.

Mr. STEWART (Edmonton): Yes, magnetos are used on all internal combustion engines. We are buying magnetos for our engines all the time.

Mr. RHODES: Surely my hon. friend does not object to this reduction.

Mr. STEWART (Edmonton): No, but I should like to see it extended to everyone. It extends only to importations from Great Britain now.

Mr. RHODES: No, the reduction is all along the line. Under the old item the intermediate duty was 25 per cent and the general duty 30 per cent. It is now reduced.

Mr. YOUNG: But that is not the whole explanation, surely. It is true that the reduction is made across the board to the manufacturer, but what about the private individual who wants to put a new magneto on his engine, and what about the man who buys the engine after the manufacturer finishes with it?

Mr. RHODES: He should pay something to the treasury.

Mr. VALLANCE: Is this confined to the manufacturer? Is it a fact that anyone who wants this repair will not receive the same consideration?

Mr. RHODES: Certainly. There are hundreds of items in the tariff whose provisions are confined entirely to the manufacturers. Those items have been there for years; there is nothing new about it.

Mr. VALLANCE: But that does not justify it. I am sorry I was not here a moment ago, but we had the same principle in connection with farm implement repairs. I do not think it is fair, and I wish to lodge a protest.

Mr. RHODES: I think my hon. friend is in error with regard to repair parts.

Mr. VALLANCE: That was the case under the arrangement last year.

Item agreed to.

Customs tariff—438b. Automobiles for conveying passengers only, n.o.p., valued at retail at place of production, when new, with standard equipment complete, at not more than twelve hundred dollars each; motor trucks with standard equipment (not for use on railways or tramways), not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck; chassis for motor vehicles specified in this item: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

Mr. YOUNG: What is the change here?

Mr. RHODES: We are widening the item. Hitherto it was restricted to cars for carrying goods only. Now we are removing the restriction; we are adding to the purposes for which cars may be imported.

Mr. RALSTON: This covers cars for conveying passengers only.

Item agreed to.

Customs tariff—438d. Horns, distributors, instrument board lamps, oil gauges, gasoline gauges and parts thereof, thermostats, oil filters, carburetors, purifiers for oil, purifiers for air, lock washers, speedometers and parts thereof, vacuum tanks, fuel pumps and parts thereof, composite gaskets of metal and asbestos, steering wheels and rims therefor, one piece welded axle housings, machined or not, instrument bezel assemblies, dash heat indicators, electric ignition locks, steering gear locks, transmission locks, or combinations of such locks, and parts thereof, cylinder lock barrels and keys, bearing spring shackles and automatic radiator shutter assemblies, ammeters, radiator shells, body cowls, and body stampings of metal, including front, rear, side and door stampings, not further manufactured than welded or riveted for shipping purposes, all the foregoing being of a class or kind not made in Canada, when imported by manufacturers of goods enumerated in tariff items 438a, 438b, 438c, 438e and 538f, for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b, 438c and 438f: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: There is an amendment to be moved to this section, which will widen the item and reduce the tariff. The amendment is the insertion of the words "and parts thereof" after the words "spring shackles." Under the provisions of the tariff now spring shackles may be imported complete, but if you wish to import parts you pay a higher rate of duty. This amendment is designed to permit parts to come in at a lower rate of duty.

Mr. YOUNG: To manufacturers only.

Mr. RHODES: The whole item is a manufacturers' item. It is a manufacturers' item in the tariff now, as it has been for some time.

Mr. VALLANCE: What is the amendment?

The CHAIRMAN: Mr. Ryckman moves that the item be amended by inserting the words "and parts thereof" after the words "spring shackles" in line 12 thereof.

Mr RHODES: This item is included to permit the parts of spring shackles to come in at a lower rate of duty. The budget provision enlarged the old item 438d in four or five places. It permitted the free entry across the board of an enlarged list of articles. For instance, parts of gasoline gauges are added; fuel pumps and parts thereof are added; the word "metal" is substituted for the word "copper". Heretofore the parts admitted free were confined to copper; now we use the word "metal" which includes a wider range of commodities. Again, free admission has heretofore been limited to ignition locks, but under the modern development of the motor car there has been devised a lock which is not only an ignition but a transmission lock as well, and because of the change it would consequently be subject to duty. We are now making the new type free. This amendment deals not only with shackles but the parts thereof so that the item has been very considerably amended along the lines of free entry.

Mr. BEAUBIEN: Suppose I want to buy one of the articles mentioned for a car I own; do I come within the same category as the manufacturer?

Mr. RHODES: This item is precisely in the same terms as it has stood for some years

Mr. BEAUBIEN: Suppose I own a car that needs one of these repair parts, one of the locks to which the minister refers. What rate of duty should I have to pay in comparison with the manufacturer?

Mr. RHODES: If the hon. member imported the part he would have to pay rates varying from 25 to 37½ per cent according to the classification.

Mr. VALLANCE: Suppose I imported one of these parts from a foreign country. Would it cost me more ultimately than if I bought the part from the manufacturer who is allowed to bring it in free?

Mr. RHODES: I cannot answer that, because I do not know what the manufacturer would charge; but assuming that the hon. gentleman could not purchase it from the manufacturer he would have to pay the duty on the part.

Mr. VALLANCE: It says, when imported by the manufacturer. Does that permit him to import a part for one implement when he wishes to sell it as a repair part?

Mr. RHODES: The provision is intended to permit the manufacturer to import solely for the purpose of assembling. I believe this provision was inserted as an amendment in the tariff as far back as 1926.

Mr. VALLANCE: Suppose I buy a part for repairs; has the manufacturer the same privilege of bringing in the part under this item to supply it to me?

Mr. RHODES: No; the intention was that it should be used in manufacturing. The item so states.

Mr. RALSTON: What is the difference between this item and the old item in 1932?

Mr. RHODES: I have already enumerated the five changes that are made but I will repeat them. Heretofore gasoline gauges, in line 2, could be imported duty free, but not the parts of gasoline gauges. We now enlarge the item by permitting parts as well as gauges themselves to come in. In line 5 we have something entirely new: we permit the free entry of fuel pumps and parts thereof. Heretofore gaskets of copper were admitted free, and we now enlarge the item by substituting for the word "copper" the word "metal," which deals with a wider range of commodities. As regards steering gear locks, a duty would be called for on the new type of lock which properly speaking is not a steering lock inasmuch as it combines both ignition and transmission features, and under the interpretation which would have to be placed upon it in keeping with the old wording, that modern lock would be dutiable. We are now widening the item to include the modern type of lock, and the amendment which I have moved is to include the parts of shackles.

Mr. YOUNG: Is there anything left out of the item?

Mr. RHODES: My hon. friend will see that it embraces a very large list.

Mr. YOUNG: Annular ball bearings appeared in the old item; it is not here.

Mr. RHODES: We are coming to that. It is still free.

Mr. BEAUBIEN: Under this item certain repair parts such as carbureters and so on are allowed to come in under certain rates if imported by the manufacturer. Suppose I wanted one of the repair parts enumerated in this item and obtained it from a manufacturer who imported it under this tariff. Naturally if the manufacturer got it under a lower tariff than I could get it, I would get it from him. How is that situation met?

Mr. RHODES: I do not believe there has ever been any difficulty in the administration of the item since its inception in 1926. It must be imported by the manufacturer of the original equipment.

Mr. BEAUBIEN: Will there be a check-up?

Mr. RHODES: It will be a very simple thing to keep a check-up because we know the output of the factory and how many parts go into the machines manufactured.

Item agreed to.

Mr. RHODES: I will ask my colleague to move an amendment.

Mr. RYCKMAN moved:

That schedule A to the customs tariff, as amended by resolution No. 2 of March 21, 1933, be further amended by deleting therefrom tariff item 438f and inserting in lieu thereof, the following:

Motor omnibuses, for conveying passengers only, having seating capacity for not less than ten persons; chassis for same: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 40 per cent.

Mr. STEWART (Edmonton): What are the importations?

Mr. RHODES: This is a conference item which has been in effect for less than six months and no statistics will be available until the end of the year. I am informed that there have been substantial importations and that these will be accelerated by this amendment.

Amendment agreed to.

Mr. RHODES: There is another amendment I am going to suggest.

Mr. RYCKMAN moved:

That schedule A to the customs tariff, as amended by resolution No. 2, of March 21, 1933, be further amended by striking thereout tariff item 438g, and inserting in lieu thereof the following:

Motorcycles or side cars therefor, and complete parts of the foregoing: British preferential tariff, free; intermediate tariff, 20 per cent; general tariff, 30 per cent.

Amendment agreed to.

Customs tariff—438h. Annular ball bearings and parts thereof, when imported for use in the manufacture of goods enumerated in tariff items 438a, 438b, 438c, 438e, and 438f, for use only as original equipment in the manufacture of motor vehicles enumerated in tariff items 438a, 438b, 438c and 438f, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: Hitherto the importation of these ball bearings was confined to the manufacturer and the purpose of this item is to permit distributing and supply houses to import them. It is expected that there will be a considerable acceleration of imports from the mother country.

Mr. YOUNG: It does not read that way, it says, "for use in the manufacture of goods".

Mr. RHODES: Yes, but hitherto they had to be imported by the manufacturers. This necessitated the importing of substantial quantities and the locking up of considerable capital which in some cases the manufacturer could ill afford to do. It will now be possible for supply houses to import these articles and warehouse them in Canada to be purchased by the manufacturer as required.

Mr. YOUNG: It is only when they are sold to the manufacturer, not when sold for repairs?

Mr. RHODES: It will permit their being imported by others than the manufacturer.

Mr. YOUNG: When an importer sells to a manufacturer he gets them in duty free, but if he sells to a private individual for repair purposes, they are not free.

Mr. RHODES: That has always been the case.

Mr. VALLANCE: Just in the same position as the others.

Mr. RHODES: It may seen to be an innocent item but my information is that this amendment will have the effect of increasing business with the mother country by $1,000,000 per year.

Mr. MOTHERWELL: To what minister do the words, "under regulations prescribed by the minister" refer?

Mr. RHODES: They refer to the Minister of National Revenue.

Mr. MOTHERWELL: The bearings are not for the minister, they are for the manufacturer?

Item agreed to.

Mr. RHODES: There is another amendment.

Mr. RYCKMAN moved:

That the following item, enumeration and rates of duty be included in the list of items indicated in resolution No. 2, of March 21, 1933, as for insertion in schedule A to the customs tariff:

438i. Repair or replacement parts, complete, not including tops, bodies or rubber tires, for motor vehicles entitled to enter under the British preferential tariff under tariff items 438a, 438b, 438c and 438f: British preferential tariff, free.

Mr. RHODES: Previously a motor car could be imported from Great Britain free of duty but it was necessary to pay duty upon parts. This item will admit such parts free of duty.

[Mr. Young.]

Mr. DONNELLY: For the manufacturer only?

Mr. RHODES: No, repair parts.

Amendment agreed to.

Customs tariff—440n. Complete parts for repair of engines enumerated in tariff item 440m: British preferential tariff, free; intermediate tariff, 12½ per cent; general tariff, 15 per cent.

Item agreed to.

Customs tariff—445c. (i) Electric telegraph apparatus and complete parts thereof: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 30 per cent.

(ii) Electric telephone apparatus and complete parts thereof: British preferential tariff, 10 per cent; intermediate tariff, 25 per cent; general tariff, 30 per cent.

Mr. RHODES: There is no change so far as telegraph apparatus is concerned. This is a conference item. Under the conference agreement telephone apparatus was made duty free. We found out that that provision would have imperilled in fact, would have wiped out a very large industry in this country. After consultation with the British authorities, they agreed to a restoration of the duty to 10 per cent instead of the 15 per cent which had hitherto obtained under the British preference.

Mr. DUFF: The minister says that under the present tariff the British preferential rate on electric telephone apparatus and complete parts thereof was free, but under the proposed tariff there is a duty of 10 per cent. That means an increase of 10 per cent. He says that this has been arrived at by conference with the British government in order to save an industry in Canada. Does the minister by that industry mean the Northern Electric Company?

Mr. RHODES: Yes.

Mr. DUFF: Does he know the Northern Electric Company is a subsidiary of the Bell Telephone Company?

Mr. RHODES: I have no official knowledge of that fact; in fact I do not know I have any private knowledge; it may be so.

Mr. DUFF: I am going to object to this increase in tariff, because it affects telephone companies in other parts of Canada. If this item goes through, the maritime telephone companies, for instance, the Nova Scotia Telephone Company and the New Brunswick Telephone Company and, I presume, the telephone companies of the west, will have to pay tribute to the Northern Electric Company. It is a well known fact that the Northern Electric Company is a subsidiary of the Bell Tele-

phone Company; that the Bell Telephone owns 51 per cent of the Northern Electric and that the balance of the stock is owned by another manufacturer of the same kind of goods in the United States. It is not fair to other telephone companies that instead of their being able to import these goods from Great Britain at a 10 per cent reduction, this special duty of 10 per cent is imposed in order to keep the British goods out or to compel the other telephone companies to pay an additional 10 per cent on their equipment.

Mr. RHODES: In the first place my hon. friend for years supported a government which imposed a duty of 15 per cent under the British preference on these articles and they were placed upon the free list by this government as a result of the conference agreements. But it has been found out that, having regard to the difference between the wage paid to British and that paid to Canadian artisans, this industry could not live under free competition. The question is not one of the Bell Telephone Company or the Northern Electric Company as being its subsidiary, if it is; that is not important. The question is this: That industry under normal conditions employes 7,000 workmen and pays out in wages $10,000,000 a year. It would be a very serious matter to the industrial life of Canada and to the city of Montreal in particular if that industry were wiped out as it would be if the item remained free under the British preference. I think the circumstance that the British government have assented to our representations in this respect is evidence of the reasonableness of the request made to them to vary the conference agreement in this one regard only.

Some hon. gentlemen opposite—and I do not object to this—have seized upon certain articles where an increase in duty is imposed, but they allow to pass, without a word emanating from them, item after item which have been carried this afternoon and evening either placing articles on a lower scale of duty or making them free.

Mr. YOUNG: Of course.

Mr. RHODES: Of the fifty-seven articles in the budget, to say nothing of the amendments which I have submitted to-night, all of which are for a lowering of duty, only five refer to an increase in the tariff and the remainder refer to either a lowering of tariff or a widening of the item. I think it is important that these considerations should be borne in mind.

Mr. LAPOINTE: Is my hon. friend objecting to our not criticising the reductions?

Mr. RHODES: Not at all, but I am just drawing attention to the emphasis in the one case as contrasted with the silence in the other.

Mr. LAPOINTE: When the minister does well, we approve.

Mr. MANION: Not openly.

Mr. DUFF: I do not think the first part of the minister's reply to what I said was a real answer. For instance, he referred to the fact that I had supported a government which had imposed a duty of fifteen per cent on these articles. Let me say—

Mr. MACKENZIE (Vancouver): Carried.

Mr. DUFF: If my hon. friend is in favour of the Bell Telephone Company or the Northern Electric Company, all right; I am not. It is quite true that I supported that government, but the Minister of Finance knows I am not in favour of any tariff, whether fifteen per cent or ten per cent, or five per cent. I am a free trader; I believe there should be no tariff restrictions, because the manufacturer in every case takes advantage of those tariffs and the consumer has to suffer. Whether it be the Northern Electric or any other company, if they cannot produce in this country goods as cheaply as we can buy them in Great Britain, then they should not be protected. We have heard a great deal in other days about flapping the flag, the mother country, and all the rest of it. Here we have the telephone companies, which are really the consumers of this commodity, not being able to buy from Great Britain because the government imposes a duty of ten per cent. I cannot agree with the minister's, shall I call it sob story, when he says that if this duty is not imposed, a certain number of men will be put out of work. I should like to know how much money the Northern Electric Company made in the last ten or twelve years. I should like to see a financial statement in order to find out whether this ten per cent duty is necessary. I say it is not; these people can manufacture the goods cheaply and they do not require the duty. It is not in the interests of the people of Canada that other telephone companies, owing to the imposition of this ten per cent duty, are taken by the throat and compelled to buy these goods from the Northern Electric instead of being able to buy them in the open market where they can get them the cheapest. If there were four or five companies in this country manufacturing these articles, the matter might be different.

but there is only one and this means that the government, by the imposition of this duty, is giving that company a monopoly. I protest against any such monopoly.

Mr. YOUNG: What were the importations from Great Britain under this item in the last three months?

Mr. RHODES: I am sorry I have not those figures.

Mr. YOUNG: Somebody has objected that the importations from Great Britain under this item have been so great as to threaten an industry. Surely the minister was told how much was being imported and what the extent of the threat was.

Mr. RHODES: My hon. friend asked for the importations in the last three months. I cannot give that.

Mr. YOUNG: Since the conference.

Mr. RHODES: The importations in 1932 were $1,111,000—

Mr. YOUNG: One million dollars of importations—

Mr. RHODES: My hon. friend, with that abounding energy and that exceedingly active mind of his, cannot retain his seat long enough to hear an answer to a question which he himself has put. I hope I am not unduly obstructing my estimates, because I endeavour to give the information sought and in as few words as possible, but my hon. friend is not helping me. Of this amount, $850,000 worth came from the United States and $260,000 worth from the United Kingdom.

Mr. YOUNG: Importations amounting to a quarter of a million dollars are going to destroy this ten million dollars industry!

Mr. RHODES: The conference agreement was ratified only a few months ago. It did not come into effect until October 13, 1932.

Mr. YOUNG: That is why I asked for the importations for the last three months.

Mr. RHODES: The importations I have given were for 1932, although for three-quarters of the year there was a protective tariff of fifteen per cent under the British preference and a much higher tariff under the intermediate and general. Under this proposal the tariff under the British preferential will be ten per cent, but even under the fifteen per cent British preferential and the twenty-five per cent intermediate and thirty per cent general tariffs there was imported telephone apparatus to the amount I have indicated. So my hon. friend must not hastily draw the conclusion that these importations came in under a low tariff; and if they did come in to that extent over a tariff protection of the size I have indicated it follows that they would enter in largely increasing quantities if the item were free.

Mr. YOUNG: The minister told us a few minutes ago that since the conference agreements came into effect it has been demonstrated that importations from Great Britain are coming in to such an extent that the life of this industry is threatened. That is why I asked for the importations of the past three months. The minister says that the greatest importations have come from the United States over a 30 per cent tariff. If 30 per cent is not going to exclude importations from the United States, how is a 10 per cent tariff going to save this industry from British imports?

Mr. RHODES: I have a high regard for my hon. friend from Weyburn, but he will invariably, though quite honestly and with no ill intent, place words in my mouth which I never uttered. I did not say that importations had come in to such an extent that the industry in Montreal was threatened. I said that under free entry the effect would be to close that industry, and it is practically closed to-day.

Mr. YOUNG: It is closed?

Mr. RHODES: Yes, practically, and that industry has been operating for years and has employed as high as seven thousand hands.

An hon. MEMBER: It is not operating on that scale to-day.

Mr. RHODES: No industry anywhere in the world to-day is operating on the scale on which it operated in normal times. As everyone realizes, we are passing through one of the most severe depressions that the world has ever seen.

Mr. YOUNG: Might not that account for the closing of the industry?

Mr. RHODES: It has a bearing on the volume of business that is done in industry. If my hon. friend from Weyburn wishes the exact amount of importations since the conference agreements I shall be delighted to get that information for him, although it will take some time and will require a separate tabulation of innumerable items.

Mr. YOUNG: We can have it to-morrow.

Mr. RHODES: I cannot assure my hon. friend of that.

Mr. DONNELLY: The minister takes us to task for objecting to this raising of duty. He says that in the whole budget there are only some five or six items on which the duties are raised.

Mr. RHODES: Five.

Mr. DONNELLY: And he says that there are hundreds on which the duty has been lowered.

Mr. RHODES: I did not say that. I said that of the fifty-seven items dealt with in the budget there were five increases, and the rest were either enlarging the item or lowering the duty, or both.

Mr. DONNELLY: But the minister did not say that where the duties have been lowered they had been lowered for the benefit of the manufacturer, and not of the consumer.

Mr. RHODES: Oh, no.

Mr. DONNELLY: In the majority of cases where the duty has been lowered it has been lowered because the manufacturers have asked for it. We see that all along the line; the duty has been lowered because the manufacturer wanted it, not because the consumer wanted it. In the majority of cases where the duty has been lowered it is because the manufacturer wanted to get the goods he needs to put into some machinery that he is manufacturing. That is the reason there are so many items on which the duty has been lowered.

Mr. RHODES: I may say to my hon. friend that I did not take him nor any of his associates to task; that is one of the last things I would wish to do. But it is the right and the privilege of every hon. member to express his views; my hon. friend will not, I hope, deny that right to me, and he must not object if my view does not exactly coincide with his. My hon. friend will not think, I am sure, that I am taking him or anyone else to task if I venture to disagree with what he or his associates may say. My hon. friend made the bald statement that the majority of the tariff amendments lowering the duty had been made in favour of the manufacturer. As a matter of fact in a moment or two I shall be able to give my hon. friend the exact proportion. I can say now that the majority of the reductions were not in favour of the manufacturer either in number, volume or importance, but that on the contrary the majority in number, in volume, in importance, and in value are in favour of individuals as against the manufacturer.

Mr. BROWN: If the minister thinks we have been negligent in expressing our appreciation—

Mr. RHODES: I am not complaining.

Mr. BROWN: —I hasten to correct that omission on our part. I am not very much concerned whether the duties were lowered for the benefit of the manufacturer or of the individual. In so far as they have been lowered they meet with my approval. In regard to this particular item it is rather an unfortunate time to increase the duty on telephone supplies when so many thousands of people in the western provinces are taking out their telephones. Indeed, the taking out of the telephones is one source of embarrassment to the provincial governments in the west at the present time. They constructed these telephone lines on borrowed money, and it looked like good business and it was good business. The revenue was paying all the expenses, but now the telephones are being removed by the thousands, and the consequence will be that the provinces will suffer in their finances at a very unfortunate time. There is another thing which might have been taken into account and that is that this question might have been submitted to the tariff board before the duty was reimposed. The tariff board will have to consider this question of the relative cost of manufacture in England and in Canada, and it might very properly have been submitted to the tariff board which has now been constituted, before any action was taken. It just goes to show that from the standpoint of the consumer and of those who believe in the entry of goods under lower tariffs the British agreement is just that much worse than we thought it was last fall, by the removal of these items from a tariff which did seem to offer some relief to the consumer.

Mr. RHODES: I may say to my hon. friend from Willow Bunch that I have had a computation made of the items which we have considered up to now in committee to-day. We have moved twenty-six reductions, and of that number twenty were for the benefit of everybody and six were for the benefit of manufacturers. That is in contrast to the statement of my hon. friend that the majority of the amendments we have moved were in favour of manufacturers.

Mr. YOUNG: I would ask the minister to let this item stand until he brings down the information he promised.

Mr. RHODES: I will undertake before we move out of committee to give my hon. friend the information, but I must insist upon the item.

Mr. YOUNG: It might be that the information brought down will not justify the item.

Mr. RHODES: It certainly will not in the eyes of my hon. friend, but it will in the eyes of hon. gentlemen on this side. In these circumstances I hope that my hon. friend will, agree to the passing of the item on the understanding that I secure the information and give it to him to-morrow if I can, or if not at the earliest possible moment.

Item agreed to.

Customs tariff—445j. Electric dry shaving machines, of a class or kind not made in Canada, for use in removing human hair: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 10 per cent.

Mr. STEWART (Edmonton): I rise on behalf of my numerous friends to congratulate the minister upon this item. I can assure him that his kindness in reducing the duty is appreciated.

Mr. RHODES: I am appreciative of my hon. friend's kind references, which I hope are well intended and not uttered in a mildly ironical sense. I may say that this item is not restricted to two manufacturers, but is open to everyone. While it may seem a trifling item the fact is that this industry has grown to very large proportions in the United States. The class of razor is of exceptional merit, I am informed, a beautiful commodity, and suitable not only to the man who shaves with the ordinary razor, but to those in hospitals and who have scars which make shaving difficult it is particularly useful.

Mr. POWER: You will be checked up by the radio commission for advertising more than five per cent.

Mr. RHODES: If the expectations of the manufacturers in the United States are realized they propose to establish in the province of Quebec almost immediately an industry which in the first instance will assemble the parts, but which ultimately they expect to be a subsidiary to manufacture for the purpose not only of supplying the Canadian trade but of securing the advantage of the British preference within the British Empire. This one small and apparently insignificant item may, in time, result in a fairly substantial industry being established here which will give employment to a considerable number of people.

[Mr. Young.]

Mr. SPEAKMAN: May I ask the minister if this little machine is responsible for the exceedingly close shave to which so many people have been subjected during recent years?

Mr. VALLANCE: Solomon in all his glory!

Item agreed to.

Customs tariff—464b. Steel die-blocks, of a class or kind not made in Canada, not less than fourty-four degrees of hardness by scleroscopic test: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—471. Belt pulleys of all kinds, n.o.p., for power transmission: British preferential tariff, 15 per cent; intermediate tariff, 25 per cent, general tariff, 27½ per cent.

Item agreed to.

Customs tariff—471a. Pressed steel belt pulleys, for power transmission: British preferential tariff, free; intermediate tariff, 25 per cent; general tariff, 27½ per cent.

Item agreed to.

Customs tariff—475. Stereotypes, electrotypes and celluloids of books, and bases and matrices and copper shells for the same, whether composed wholly or in part of metal or celluloid; positive and negative films of books: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. MITCHELL: I would like to know the reason for the change in this item.

Mr. RHODES: This is designed to modernize the item. Hitherto certain plates could be imported free of duty for the purpose of enabling magazines to be printed in Canada, and the effect has been to give employment to a large amount of labour in printing magazines, several score in number, which prior to the tariff item of two years ago were printed in the United States and imported duty free. Since the item was first placed in the tariff imposing a duty on American magazines and admitting free the plates from which they were printed there has been developed a process by means of which these plates can be made by photography. The photograph has the effect, as I understand it, of etching the cylinder and producing a class of work which cannot be distinguished from set type. This polygraphic process will now be permitted free entry for the purpose of allowing the printing of magazines in Canada precisely as was hitherto the case with the plates.

Mr. MITCHELL: That may be the opinion of the government, but it is not the opinion

of the printers, the practical men engaged in the trade. This is a copy of a letter or resolution sent to the Prime Minister from Toronto Typographical Union No. 91. Towards the end of the resolution it says:

With hundreds of our typesetters out of work, we are amazed to find that it is proposed to allow plates to enter Canada duty free, thus taking away the only chance to place these men back at work.

I have a similar letter from the Hamilton typographical union. It says:

We in Hamilton of the typographical union have raised voluntarily over $15,000 to take care of members of our organization who through no fault of their own are out of work, and to keep them from going on relief or standing in the bread line. With this condition prevalent all over the dominion in our industry we are amazed that it is proposed to allow plates to enter Canada duty free, thus taking away the only chance to place these men back at work.

Mr. RHODES: Mr. Chairman, I say to my hon. friend that this very item is designed to give employment to Canadian labour. If it does not go through there will be less Canadian labour employed. As a matter of fact the plates have been admitted duty free for some years. Those who adopted this resolution are apparently under the impression that if this polygraphic process were not admitted they would have the work here in some other way. They would not. Hitherto plates have come in, stereotypes and electrotypes—

Mr. MITCHELL: Mats.

Mr. RHODES: Yes, giving a replica of the magazine as published in the United States. This permits the employment of labour in printing, the purchase of paper and the use of ink in Canada, and the labour of mailing and shipping, and so on. It has been the means of giving largely increased employment to labour in Canada. Permitting the polygraph process to come in the same as the plates have hitherto done is merely modernizing the item, not changing the original intent at all.

Mr. MITCHELL: Mr. Chairman, I hold in my hand a brief submitted by the Toronto typographical union. I am fully conversant with the fact that the mats were imported into Canada, that the typesetting was done in the United States. I am conversant with the legislation that is in force in that country which prevents the importation of those mats into that country. In this brief, of which I think the minister has a copy, the typographical union complain of that condition in Canada. It hardly seems possible to me—I am not a practical printer, I am merely passing on information that is sent to me—that the men engaged in the industry should be fearful of the conditions that would be brought about by the granting of their request.

Mr. RHODES: My hon. friend overlooks one fact, and so do those for whom he speaks, who would agree with him, and that is that prior to 1931 when we placed a duty on American magazines, the whole magazine, all the labour, all the paper, ink and expenditure which went into its make-up, came from the United States. But after we imposed the duty it was found to be to the advantage of the American publishers to come over into Canada, which they did in large numbers. To-day scores of American magazines are being printed in Canada, providing labour for scores of Canadians, using Canadian paper and ink, and this is in part by reason of the fact that they are able to bring in the plates from the United States. And the negative is the modern process; it merely permits a continuation of a system which I submit has been to the advantage of the Canadian people as a whole and of Canadian labour in particular.

Mr. MITCHELL: Mr. Chairman, everything the minister says is true. The type of publication involved is such as True Stories—you know the kind of magazine I mean. The amount of actual labour has not been greatly increased, the cost of publication has been lessened. The circulation has been increased; predictions made at that time that it would reduce the circulation of this kind of publication have not been fulfilled. What the typesetters object to is the importation of these mats. They feel that they should receive the same protection that the printers in the United States receive. The law there definitely states that for anything that is printed in that country the type shall be set up in the United States. I would rather take the advice of a man engaged in the printing trades than my own opinion or that of a member of this house. They feel that this is going to throw hundreds of their men out of work and possibly deny them employment.

Mr. RHODES: If the condition to which my hon. friend refers could be brought about by placing a duty upon the plates I should be with him, because I favour protection and especially when it involves the employment of Canadian labour. If we placed duty upon the plates, however, it would mean that the magazines would not be printed in Canada and there would be less labour employed. My

hon. friend may not agree with me, but I say to him that if a duty were placed on the plates they would not be set up here. The reason a United States magazine is able to print so many copies so cheaply is obvious, they have a reading clientele at least twelve times as large as we have in Canada. Even under existing conditions it has not proven a profitable enterprise to the United States publishers to establish branch plants in Canada, so I say to my hon. friend that if a duty were imposed it would have the effect of restricting the importation of those plates, and there would be less labour employed rather than more.

Mr. MITCHELL: If the placing of a duty on these plates would reduce the circulation of such magazines as True Stories, Film Fun and Ballyhoo, probably it would be better for the people of this country, particularly the younger people.

Mr. RHODES: My hon. friend must not allow it to appear that this printing is confined to Film Fun, Ballyhoo and magazines of that class, some of which are actually prohibited to-day.

Mr. MITCHELL: They are on the news stands.

Mr. RHODES: That may be so, but some of them will not be there to-morrow. I may tell my hon. friend that many high class magazines are being printed in Canada to-day as a result of the tariff imposed.

Mr. BROWN: I am afraid this is another statement that will hardly bear investigation. Under the tariff policy of the government many of the better class magazines have had their circulation materially diminished. Only this week I saw a statement with regard to about a dozen of the better class magazines, including the Atlantic Monthly and Harper's Magazine, which showed that the circulation had been reduced by from 36 per cent to 40 per cent, while in the case of the Literary Digest I think the reduction was about 81 per cent. We recognize the fact that these higher class magazines are very desirable, but the net result of the tariff policy of this government in regard to magazines has been just as the minister has stated; they have permitted the importation of the plates of the trashy magazines, though I do not say they are all objectionable. In the main, however, they are the lower class of magazines and they have increased their circulation or, if not, certainly they have not lost circulation, while to a large extent the higher class magazines have been excluded.

Mr. RHODES: I am prepared to admit to my hon. friend and the committee that it might be debatable whether or not the policy of the government is wise. It may be that the policy of the government is not wise, but under existing conditions my hon. friend must not assume that because there has been a diminution in the number of subscribers to a magazine or newspaper, this is attributable to the tariff. Let me tell my hon. friend that there has been a reduction in the number of subscribers to magazines in the United States, and the number of Canadian subscribers to Canadian magazines, due to the fact that many people cannot afford to continue their subscriptions. For the sake of argument, however, let us admit that the policy of the government with respect to magazines is wrong. Then let me say to my hon. friend from East Hamilton that there would not be any Canadian labour employed if this tariff was removed; all the magazines would be printed in the United States.

Mr. MORAND: Does this item permit the importation of lithograph plates containing Canadian advertising intended for Canadian magazines? A number of our large Canadian industries have their advertising composed in the United States, and those plates must be imported. Would they come in free under this item?

Mr. RHODES: No, this item refers only to the importation of plates which are brought in for the purpose of printing in Canada the Canadian editions of United States magazines.

Mr. MORAND: And it is limited to that?

Mr. RHODES: Yes.

Mr. RALSTON: Would this include books?

Mr. RHODES: Plates and matrices for advertising come under a separate item.

Item agreed to.

Customs tariff—476a. Glassware and other scientific apparatus for laboratory work in public hospitals; surgical operating tables and complete parts thereof; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. MOTHERWELL: I see that the regulations are to be prescribed by the minister, and presumably that is the Minister of National Revenue. I wonder if I could get the attention of the Minister of Finance for a moment to ask just how these regulations are prescribed and carried into effect. My understanding is that the minister, or some of his staff, prepares the regulations and brings them to council, and council accepts, amends or rejects them. Then they are gazetted, after which they become law. Is that the procedure, or are they ministerial orders, determined entirely by the Minister of National Revenue? Perhaps I could get the minister's attention for a moment.

Mr. RHODES: My hon. friend is getting my attention; I was simply directing a question to my official in order to answer my hon. friend. I was listening to every word he said. This provision with regard to the regulations to be prescribed by the minister has been here for years; we are not just inserting that now. The effect of the item is to enlarge the free importation for hospital use by adding parts for hospital tables. In this way the duty on these parts is reduced from 35 per cent to free. With respect to the regulations, since this is a hospital item those regulations would have to do with the proper policing of the importations to see that they were put to hospital use only. The regulations would be prepared by the Department of National Revenue, and would not of necessity be subject to order in council. They might be discussed in council, but they would not be the subject of order in council. May I point out to my hon. friend, however, that heretofore any person aggrieved had the right to appeal to the board of customs, but since the tariff board act has been passed, after May 1 of this year an appeal would lie to the tariff board. So I am sure my hon. friend will be gratified to know that there is an additional safeguard so far as the activity of the Minister of National Revenue is concerned.

Mr. MOTHERWELL: That is some safeguard, of course, but I was a little afraid that the recital would be just about what it was. As a rule regulations prescribed by the minister meant, in my time at all events, that the regulations were submitted to council and there agreed to or amended as the circumstances warranted, after which they were gazetted. Now it appears that they are to be ministerial orders under certain circumstances, and the only remedy is an appeal to the tariff board. This looks worse than I anticipated. It would appear, then, that almost all these items we are considering come under the jurisdiction of the Minister of National Revenue without the necessity of submitting the regulations to council at all. In other words, if he wants to do some more pegging of the pound or fixing of valuation for duty purposes or for dumping duty propositions, nine-tenths of it will be in the hands of the Minister of National Revenue no matter what this parliament decides. I wonder if there is not some way of getting a twitch on the Minister of National Revenue so that we may have some of the desires of this parliament carried into effect with regard to tariffs. So far as I am concerned, I know that it was very rarely in the days of the Liberal government that a ministerial order had such wide significance as it has to-day. Possibly the same law existed but it was very seldom made use of it. But now, with the door open to the Minister of National Revenue, we are decidedly alarmed at his activities in managing by many devices to put up the tariff, while his colleagues may know nothing about it.

Mr. RHODES: My hon. friend is unduly alarmed. I would remind him that he sat in the government for nine years while this same provision was in the tariff. He may be somewhat perturbed by my colleague the Minister of National Revenue, but I can assure him that he has no reason to be. I am sure the hon. gentleman will realize that there is no other method whereby the item could be administered. Let me give a concrete illustration. If a sterilizer were brought in for use in a laundry it would be subject to a duty of thirty-five per cent, whereas under this provision, if brought in for a hospital, it is duty free. When the tariff provides that regulations shall be prescribed by the Minister of National Revenue it simply means that when, for instance, a sterilizer is brought in for hospital purposes it shall be bona fide for such use and not brought in under that guise and then surreptitiously used in a laundry.

Mr. MOTHERWELL: I am aware that this provision with regard to valuation for duty purposes has been in existence for many years. It was there since 1922 I believe, but as I have already stated, it was very rarely invoked. Instead of its application being the exception now, as it was then, it appears to be the general rule so far as the Minister of National Revenue is concerned. It is entirely in the hands of that hon. gentleman, whose ambition in this direction seems to know no bounds. If there were some way of harness-

ing that minister I think it would be a good thing so that there might be some sort of control not only with regard to the regulations but with regard to ministerial orders, which apparently can be got away with. I am not referring so much to the effect in connection with these particular items; I am speaking of a general policy, or rather the excessive use of a policy which was intended not for general application but for application in exceptional circumstances. I am glad to know that the Minister of Finance and his colleagues have on several occasions reversed the decision of the Minister of National Revenue, as in the matter of farm machinery repairs. But they ran for a long while before my hon. friends took such action; they did not take steps to meet the situation until there was an upheaval in the country. I suggest that the remedy should be applied in advance before the damage is done. I suppose if the law is there all that one can say is that it should be used with discretion and only in exceptional cases; but so long as the Minister of National Revenue has the desire to use it as if it were intended for general application instead of, as it is intended to be used, in exceptional circumstances, then all this talk about tariffs will be of little avail, because in the last analysis the Minister of National Revenue will have his say anyhow.

Item agreed to.

Customs tariff—485. Metal caps, for use in the manufacture of electric batteries: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Item agreed to.

Customs tariff—486. Artificial larynx, for use in restoring speech: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. POWER: Who asked for this?

Mr. RHODES: This is a compassionate item.

Mr. POWER: This is too much. We have enough larynxes now without artificial ones.

Item agreed to.

Customs tariff—520c. Linters of short fibres of cotton, bleached, and cotton pulp, when imported by manufacturers of paper, for use exclusively in their own factories in the manufacture of blotting or other grade of paper: British preferential tariff, free; intermediate tariff, 10 per cent; general tariff, 12½ per cent.

Mr. RHODES: There is no change in the intent of the law with respect to this item. It is found that, for convenience in shipping, cotton is put up in the form of pulp rather than in loose linters as originally, and today, unless this provision were put in, cotton in the form of pulp would be subject to duty. Now we put pulp with linters and permit the free entry in either form.

Mr. YOUNG: Is it a by-product of the factories?

Mr. RHODES: No.

Item agreed to.

Customs tariff—522b. Yarns, wholly of cotton, coarser than number forty but exceeding number twenty, not more advanced than singles, when imported by manufacturers for use exclusively in their own factories in the manufacturing of cotton sewing thread and crochet, knitting, darning and embroidery cottons: British preferential tariff, 7½ per cent; intermediate tariff, 15 per cent; general tariff, 20 per cent.

Mr. YOUNG: This is a material reduction. Under the British preference the duty will be 7½ per cent whereas previously it was 12½ per cent plus 2 cents per pound. What does that amount to ad valorem?

Mr. RHODES: I cannot answer that question because the item covers an extremely wide range of cotton yarns of different counts. The whole thing is highly complex and technical.

Mr. YOUNG: Two years ago last fall we revised the tariff and enormously increased the duties on cotton goods. That was done for the benefit of the Canadian cotton manufacturers and we were told after it was done that they were prosperous. Now we find ourselves reducing the duty on their raw material. This will deprive the government of what revenue they were receiving from the importation of raw or partly manufactured cotton, but apparently there is to be no corresponding reduction in the consumers' item. Who asked for this, and what benefit is expected from it?

Mr. RHODES: It was asked for by two manufacturing concerns in Canada, because under the tariff as it existed they were paying a higher duty on singles than on doubles. This will allow the doubling to be done in Canada, at a substantial reduction.

Mr. YOUNG: We were under the impression that we had given the cotton manufacturers everything it was possible to give them, but apparently we were wrong.

Mr. RHODES: My hon. friend is off the rails again. This is not for the cotton manufacturer at all.

Mr. YOUNG: No?

Mr. RHODES: No, this is the thread manufacturer. The cotton manufacturer would be opposed to the reduction.

Mr. YOUNG: Isn't the cotton manufacturer the man who uses the yarn?

Mr. RHODES: No, the manufacturer of thread. The cotton manufacturers would be opposed to it.

Item agreed to.

Customs tariff—523d. Woven fabric, wholly of cotton, imported for use as billiard cloth: British preferential tariff, free; intermediate tariff, 27½ per cent; general tariff, 32½ per cent; and, per pound: British preferential tariff, ...; intermediate tariff, 3½ cents; general tariff, 4 cents.

Mr. YOUNG: This is only for making billiard cloth.

Mr. RHODES: Under the conference item we admitted ordinary billiard cloth free of duty. We did not know at that time that there was cotton billiard cloth. Britain has asked that it be given free entry.

Item agreed to.

Customs tariff—525. Woven fabric, wholly of cotton, specially treated and glazed, when imported by rubber manufacturers for use, in their own factories, exclusively as a detachable protective covering for uncured rubber sheeting: British preferential tariff, free; intermediate tariff, 30 per cent; general tariff, 35 per cent.

Mr. SPEAKMAN: A very substantial reduction is being made to the manufacturer to which I take no exception, but I would like to see a corresponding reduction made to the user of the finished article. There is no doubt that the ultimate cost of these rubber goods will be cheapened and I think the minister should take into consideration the passing on to the consumer part of this saving.

Mr. RHODES: I have every hope that this will be passed on to the consumer.

Mr. SPEAKMAN: If it is not, I suggest that the minister make a corresponding reduction in the duty on the finished article.

Item agreed to.

Mr. RHODES: I will ask my colleague to move another amendment.

Mr. RYCKMAN moved:

That the following item, enumeration, and rates of duties be included in the list of items indicated in resolution No. 2, of March 21, 1933, for insertion in schedule A to the customs tariff:

564b. Woven fabric, of a kind not made in Canada, wholly or in chief part by weight of silk or artificial silk, or both, imported in the web in lengths of not less than ten yards each by manufacturers of umbrellas for use in the manufacture of umbrellas in their own factories: British preferential tariff, 10 per cent; intermediate tariff, 20 per cent; general tariff, 25 per cent.

Amendment agreed to.

Item agreed to.

Customs tariff—568. Knitted garments, knitted underwear and knitted goods, n.o.p.: British preferential tariff, 25 per cent; intermediate tariff, 35 per cent; general tariff, 45 per cent; and, per pound: intermediate tariff, 25 cents; general tariff, 30 cents.

Mr. DONNELLY: The increase in this item is the most substantial we have had, and I should like to know who asked for this increase.

Mr. RHODES: I may say without hesitation that it was asked for by the manufacturers of knitted goods generally. This provision would have been included in the tariff revisions of 1930 and 1931, when very substantial increases were given to the manufacturers of woven goods, but for the provisions of the French treaty precluding our giving that additional protection which they had to have if they were to survive. The protection now given places these manufacturers in a comparable position to that of the manufacturers of woven commodities of a similar character. This increase affects a very important industry in Canada. The gross value of the production in 1931, which was not a normal year, amounted to $48,000,000. There are 161 industries with a wage roll of some 70,000 people and wage bill of upwards of $14,000,000.

Mr. DUFF: Do they require this extra protection?

Mr. RHODES: Yes, I believe they do; most of them have been operating in the red.

Mr. VALLANCE: Could the minister give us the importations of knitted garments?

Mr. RHODES: They vary according to the material. Woollen fabrics were imported from the United Kingdom last year to the extent of $145,000, and from the United States to the extent of $5,000.

Mr. VALLANCE: Is that only knitted garments?

Mr. RHODES: I am dealing only with knitted garments. The importations of wool underwear amounted to $235,000, made up of

$216,000 from the United Kingdom and, 11,000 from Switzerland. The importations of knitted garments totalled $1,220,000, made up of $647,000 from the United Kingdom, $140,000 from the United States, $93,000 from Czechoslovakia, $66,000 from Belgium, $65,000 from Switzerland, $47,000 from Japan, $45,000 from Austria and $38,000 from Germany. The importations under the classification of unspecified amounted to $220,000, of which $105,000 came from the United Kingdom and $95,000 from the United States.

Mr. DONNELLY: What were the total importations from countries outside the British Empire?

Mr. RHODES: I will give that in a moment. It will be noted that the British preferential is not being changed, the increases taking place only in the intermediate and general tariffs. I might say that some of the competition, especially that which enters under the intermediate tariff, is very strong.

Mr. BROWN: I hope the hon. members from the prairies who support the government will take notice of the words the minister has used when referring to the substantial increases in the tariffs on woven goods which were made in 1930, as well as to the increases made under this item. There has been a disposition on the part of hon. members from the prairies who support the government not to state the increases which have been in the tariff. The hon. member for Souris has even gone so far as to claim that they were the low tariff party.

Mr. RHODES: I have no hesitation in repeating that the increase is substantial, but my hon. friend must not assume that because the duty is increased, it necessarily follows that the consumer will suffer.

Mr. BROWN: That does not touch the point I was urging. I claim there has been a substantial increase in the tariff.

Mr. RHODES: I am very happy indeed if my hon. friend gets any comfort from that expression.

Mr. BROWN: I want hon. members opposite to know it.

Mr. RALSTON: I get no comfort from it. I feel that this is an item which should have been spared in the matter of increases. For two sessions we have protested against increases which have been made in other woollen items. Item 568a covers socks and stockings of all kinds upon which there is a

30 per cent British preferential plus seventy-five cents per dozen specific duty, a 32½ per cent intermediate tariff plus $1.35 per dozen specific duty and a 35 per cent general tariff plus $1.50 per dozen specific duty. The item covering gloves and mitts carries 25 per cent British preferential, 35 per cent intermediate and 45 per cent general. So far my hon. friend has not increased the duty on the n.o.p. item, which I do not suppose represents more than fifty per cent of the total importations of knitted goods. The rate on knitted garments, knitted underwear and knitted goods, n.o.p., was 25 per cent British preferential. Now we have under the intermediate 35 per cent and twenty-five cents per pound, and under the general 45 per cent and thirty cents per pound. In some instances that might amount to a duty of nearly 100 per cent, and that is entirely too much for the Canadian consumer to be asked to pay. One thing or the other happens; the consumer is paying this to the manufacturer or the minister is getting it in the way of revenue on importations. When he says that the British preferential is not being increased, that is not much comfort because evidently there is an opportunity to buy these garments from other quarters at a lower price and these are being shut out or the consumer is being compelled to pay the difference. This increase is not justified especially in these times when people are going hungry and ill-clad.

Mr. RHODES: My answer to the hon. member for Willow Bunch in part, although I presume he will not admit it is an answer, is that last year the importation under this item amounted to $1,500,000. I am using round figures. Of that importation, $900,000 worth came from the United Kingdom and $600,000 worth from other countries. Therefore it will be observed that inasmuch as we are not touching the duty under the British preference and are widening the margin of the British preference, to the extent that we import, we shall stimulate importations by the mother country.

Mr. STEWART (Edmonton): I know it is utterly useless to protest; I made my protest when I was discussing the budget, but I think this is an outrageous duty. The total production amounts to $48,000,000, so the minister informs us, and we have scarcely one per cent of imports, yet we are imposing duties on $46,000,000 worth of goods. It is useless for the minister to tell me or anyone else that the manufacturer does not take advantage of the tariff. If he does not take advantage of it why does he want it? Now we are being

asked to give the manufacturer another opportunity to soak the consumer a little harder than he has done in the past. There will be no importations under such duties as are being imposed by the present schedule. It is idle for the government to tell us that those duties are not taken advantage of when we see all about us full advantage being taken of them. If they were not taken advantage of, the real answer would be that there would be some imports. Imports are prohibited; the industry takes full advantage of the duty and we pay the piper.

Mr. VALLANCE: Did I hear the minister aright when he stated that most of these manufacturing companies were now in the red?

Mr. RHODES: Yes.

Mr. VALLANCE: So that this is designed to bring about an increase in the price of these goods in order that the manufacturers may make money.

Mr. RHODES: No. My hon. friend would, I am sure, be the first to realize that a manufacturer who was operating at 25, 35, 40 or even 60 per cent of his capacity, was necessarily operating in the red, whereas without raising the price of his commodities one farthing, if he was operating at 100 per cent he could make a profit.

Mr. VALLANCE: He has all the trade now.

Mr. RHODES: Quite so, but my hon. friend must bear in mind that at present we are passing through very unusual times.

Mr. VALLANCE: That is the reason we are objecting to this tariff.

Mr. RHODES: I would agree with my hon. friend were the net result an increase in cost, but that does not follow. As a matter of fact the hon. member for West Edmonton made rather a sweeping statement. He will find that the price of commodities in Canada to-day compares favourably with that of commodities of a similar quality in other countries. If we in this country were to be subject to slaughter competition on the part of countries which manufacture in large quantities and can charge their own people a certain price but, by enlarging their manufacture, can spread their overhead over a larger volume of units, of course we would not survive. But if we prevent that slaughtering under those conditions and enable our own industries to operate to a normal capacity, they can do so and not increase prices. I assert that in the main, as a result of such protection as has been given in recent years, that has been the experience, and where it has been otherwise we have taken action as, for example, was done in the case of glass.

Mr. VALLANCE: I have only one objection to what the minister has just said. He speaks of slaughter competition. Representing a rural district and realizing the prices the farmers are to-day receiving for the commodities which they have to sell, I ask: How does the minister expect them to stand quietly by and allow this? At the present time agricultural products must find a place on the markets of the world at slaughter prices; somebody has to take them. When does the price of a commodity become a slaughter price? Wheat to-day, even at the increased price that has existed in the last two or three weeks, is still being sold at distress prices. In the western prairies eggs are being sold at five cents a dozen and dairy butter at eight cents a pound. Are these slaughter prices? How can we afford to buy these manufactured goods? It cannot be done.

Mr. RHODES: I am talking about manufactured products, not agricultural commodities.

Mr. VALLANCE: But we are receiving slaughter prices for the commodities we have to sell. Why should we not be allowed at some time to buy at slaughter prices? At all times I am compelled to sell at slaughter prices, but I am not permitted to buy at slaughter prices. It is that to which I am objecting. We were told by the party opposite when they were striving to get into power, what they would do for the primary producer, but the position of the latter is very much worse than it was when this government took office. I am not blaming the government entirely for that, but to-day everything produced on the farm is being sold at slaughter prices. Somebody has to take it. We should have the same privilege of buying goods at slaughter prices as other people have of buying ours.

Mr. RALSTON: I want to add just one word to what has already been said. The minister is either increasing prices or doing something for the benefit of the manufacturers in connection with $48,000,000 worth of goods which he says are being produced in this country. The only additional quantity the manufacturers can get in the way of orders

is $1,500,000 which is being imported; I am referring to both British and foreign goods. That certainly cannot increase our manufacturers' capacity 10, 20 or 30 per cent as the minister has pictured. The division of this $1,500,000 worth among 161 industries cannot help the manufacturers one iota. What is the alternative? If they are really serious in presenting this picture, the alternative is that they expect the price to be raised. Only two things can be done; either the cost of production can be reduced by increasing capacity or the price must be raised, and in this case it looks as if the price is to be raised. I know this has been decided upon; I suppose that is all there is to it, but I want to point out what the hon. member for Lisgar indicated this evening with regard to another item. The tariff board has been established, I presume for the purpose of examining into conditions of manufacture, of demand, the situation as to competition from other countries and whether that competition is fair or not, to find all the facts which the minister purports to have found to-night and to have embodied in this tariff item. As this item has waited ever since 1931, the minister might allow it to stand, let the tariff board deal with it and see whether there is any necessity for the large increase made in this item as proposed in the resolution submitted by the minister.

Mr. RHODES: With the first portion of the remarks of the hon. member for Shelburne-Yarmouth I am not in disagreement. But he must bear in mind this circumstance: if we were dealing with the question of protection for this industry as a thing apart, in view of the fact that to-day we have a tariff board established I would say that his objection was well taken. But at the time we gave increased protection to the woven goods industry we would have given it to the knitted goods industry also but for the fact that we were precluded from doing so by the provisions of the French treaty. Pressure was brought to bear upon the government at that time by the knitted goods industry—I know that my hon. friend from Lisgar will be surprised to hear me say this, but I say so quite frankly—that we should give them the same treatment as was applied to the woven goods industry because of the same needs. They were told at that time that but for the circumstance of the French treaty precluding us from giving them that treatment, they would have received it, and an undertaking was given at that time that if, as and when the French treaty was denounced they would be given the same treatment as was given this other class of industry to which I have referred. Therefore it is not unjust that we should carry out our undertaking given at that time despite the fact that to-day we have a tariff board established. One of the provisions of the agreement which we have with Great Britain is that as a matter of right the British manufacturer may appear before the Canadian tariff board in objection to the provisions of our tariff covered by conference agreements or otherwise. It will be competent for them at once to go before the tariff board and deal with these very items, and if there is cause for complaint along the lines indicated by my hon. friend from Shelburne-Yarmouth the remedy can be applied. I hope that my hon. friend and the committee will not consider me discourteous when I say that I do not think it is worth while to traverse again the ground that we covered one year and a half and two years ago when similar treatment was meted out to the woven goods industry.

Mr. YOUNG: Well worth while.

Mr. RHODES: Let us assume for the sake of argument that the contention of my hon. friend from Weyburn is right and that my contention as to what will happen is wrong, that his fears are realized and my hopes are not. The fact remains that the same argument which we held then we hold now with respect to this industry.

Mr. YOUNG: Never learned anything?

Mr. RHODES: Yes, we have learned from the experience of the past year and a half that an increase in the tariff does not of necessity involve an increase in the price of goods. On the other hand, to give only one instance—I do not propose to embark on one of those long dissertations upon protection—in the United States, which is the most highly protected country in the world, even in those piping days of prosperity when things were humming, many, many hundreds of articles of manufacture could be obtained cheaper behind the high tariff wall of that country than in most countries of the world, including some free trade countries.

Mr. YOUNG: The United States has a big free trade area.

Mr. RHODES: Yes, a free trade area behind a tariff wall. We have the same thing in Canada. Our area is larger, but we have not so many people. Having said so much I hope my hon. friends will not expect me to engage again in the kind of discussion that has ob-

tained hitherto. We only ask with respect to this one item that the same treatment shall be given as was given with respect to other tariff items having to do with the woven goods industry.

Mr. DUFF: The minister was good enough to tell us how many manufacturers were interested in this industry, the number of men employed, the amount of wages paid, and the value of its production for 1931. I wonder if he would give us the same figures for 1929 as to the number of factories, the amount of production, the number of men employed and the amount paid out for labour.

Mr. RHODES: I am sorry I have not those facts here, but I think the figures in each case would be much larger for 1929 than for 1931.

Mr. DUFF: The minister says that he has not the figures, but that the amount paid out for labour and the number of men employed would be much larger for 1929 than for 1931.

Mr. RHODES: I would assume so.

Mr. DUFF: The minister says he would assume so. A moment ago he was asking for this tariff increase in order to protect this industry and protect the labour employed. Is it not a fact that in 1929 the tariff on these goods was very much lower, and that when that lower tariff was in effect there were more men employed in that industry and more money was paid out for labour?

Mr. RHODES: The answer from my point of view is I think very easy. We are to-day in 1933. If conditions were the same as they were in 1929 there would not be the necessity of asking for this increased tariff. I think that is the answer, which must be obvious. The conditions throughout the world to-day require different treatment entirely from that which obtained in 1929. My hon. friend says that since then the tariff has been very much increased. That is not so. We had the same tariff until March 21 last on this item as obtained in 1929.

Mr. DUFF: March of a year ago, not last March?

Mr. RHODES: Yes, last March.

Mr. DUFF: Then increasing the tariff is not going to help the industry at all because the minister admits that conditions in the industry are due to conditions in Canada, which I contend are due to the policies of this government.

Mr. RHODES: On account of world conditions.

Mr. DUFF: It is world conditions to-day, but in 1930 the minister did not say it was world conditions. I heard several Conservatives speakers in Nova Scotia then say that the conditions were entirely due to Canadian policies. The minister said that a number of these manufacturing industries were in the red. Let me tell him that I have some money in one of these industries, and my experience has been that the higher the tariff the less the dividend, and sometimes no dividend. So far as I am concerned I think it would be much better if they were made to stand on their own feet and had to carry on without being bolstered up by the tariff. The minister will never get them out of the red by increasing the tariff. It will simply mean they will do less business.

Mr. STEWART (Edmonton): Take them off the bottle.

Mr. YOUNG: The minister told me a little while ago that the domestic production was $48,000,000 last year. What was it in 1930 and 1931?

Mr. RHODES: I am sorry I have not those figures here but I shall be glad to get them for my hon. friend. I shall also endeavour to get the figures which my hon. friend from Antigonish-Guysborough asked for.

Mr. YOUNG: Would the minister also bring down information as to the volume as well as the value?

Mr. RHODES: If that is possible.

Mr. YOUNG: I should be very glad to get the information.

Some hon. MEMBERS: Carried.

Mr. YOUNG: No, it will not carry to-night. This is one of the worst crimes in the whole category.

Mr. RHODES: Oh, surely it will carry to-night. Otherwise we might as well rise.

Mr. MACKENZIE KING: Let it stand and go on with something else.

Item stands.

Customs tariff—571. Carpeting, rugs, mats and matting of straw, hemp, flax tow, jute or paper; carpet lining and stair pads: British preferential tariff, 15 per cent; intermediate tariff, 22½ per cent; general tariff, 25 per cent.

Item agreed to.

Customs tariff—682a. Net floats of aluminum, glass or cork, of a class or kind not made in Canada, for use only in deep sea or lake fishing, not to include floats for sportsmen's use: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. RHODES: I want to move an amendment widening the item, giving free entry to canvas floats as well as glass floats.

Mr. NEILL: Before the item as amended passes I would call the minister's attention to the fact that it ought to include the words "sinkers and floats including trawl kegs." A deputation waited upon the minister last year and he assured us that he would keep this in mind when the tariff was adjusted. I have a definite impression—the note I have on it is written by myself, but I certainly got it at the interview—that the minister agreed that sinkers and floats should be exempt from duty under item 682a and promised to keep it in mind for another year. It is the same proposition, and for the same purpose. All that is necessary is to put at the beginning of the item those words: "Sinkers, and floats, including trawl, kegs," and then go on with the words "of aluminum," etc., because then it would apply not only to nets but also to trolling, a very important branch of fishing. The item should read:

Sinkers, and floats, including trawl kegs of aluminum, glass, cork—

The minister was kind enough to go into it very thoroughly last year, and that was his considered opinion at that time. It is all in line with the policy of cheapening the fishermen's means of production.

Mr. RHODES: The item can stand until I look into the matter, but I rise more particularly for the purpose of saying to my hon. friend that if he was under the impression that I gave him any undertaking with respect to what action would be taken concerning an amendment to the tariff, he is entirely in error, because whatever my limitations may be one thing I refrain from doing is to give any intimation as to what amendments will be made to the tariff. All I did was to say that I would give careful thought and consideration to my hon. friend's representations. I may possibly have expressed sympathy with his views, but in no case, either to him or to anyone else, have I said what would be done in respect to a tariff item.

Mr. NEILL: Certainly not; I was misunderstood if I gave that impression. The words I used in this note are that he promised to keep it in mind for another year. I perhaps put my own interpretation on his geniality and the sympathy he exhibited. I am satisfied that when he does look into it he will see the force of the contention.

Item stands.

Customs tariff—756. Artificial abrasive grains, crushed or ground, when imported for use in Canadian manufactures: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Mr. VALLANCE: What is this?

Mr. RHODES: It is in the tariff to-day. It admits abrasives in bulk rather than calling for them to come in certain specified forms—abrasives or materials for making emery wheels, carborundum stones, and so on.

Item agreed to.

Customs tariff—783. Gasoline and steam engines, transmission assemblies and parts thereof, magnetos, starting motors, electric generators, propeller shafts, steel chassis frames, brakes, clutches, brake and clutch controls, steel road wheels, steel rims for pneumatic tires, larger than thirty inches by five inches, steering gears and front and rear axles, all of a class or kind not made in Canada, when imported by manufacturers of motor trucks with standard equipment (not for use on railways or tramways), not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck, for use only in the manufacture of such motor trucks: British preferential tariff, free; intermediate tariff, 17½ per cent; general tariff, 20 per cent.

Mr. RALSTON: I notice generally speaking this item is wider in that it is not confined to motor trucks for carriage of goods only. Apparently it now includes all motor trucks without limit as to purpose.

Mr. RHODES: That is right.

Mr. RALSTON: There is just one limitation—"not to include machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck." I wonder what is in mind in regard to that.

Mr. RHODES: It is merely widening the item by permitting parts to come in duty free for the use of the motor bus which we have already admitted free by item 438b.

Mr. RALSTON: The minister has not answered my inquiry, which was as to what is referred to in the elimination of machines or other articles mounted thereon or attached thereto for purposes other than for loading or unloading the truck.

Mr. RHODES: I think I can answer the question by an illustration given to me by the commissioner of taxation. Heretofore if a motor truck were imported and after its importation a concrete mixer were installed upon it, it would be policed and followed to

the extent of calling for the payment of duty upon the truck equivalent to that imposed upon the concrete mixer, because the purposes for which the truck was imported hitherto were restricted. Under the new wording, if a concrete mixer were an integral part of the motor truck it could be imported as if it were a portion of the truck itself, and therefore be subject only to the lower duty which applies to the truck.

Mr. RALSTON: No, it is just the reverse of that.

Mr. VALLANCE: So anything already mounted on a motor vehicle would enter free; is that it?

Item agreed to.

Progress reported.

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

Wednesday, April 26, 1933

The house met at three o'clock.

PENSIONS COMMITTEE

Mr. JAMES ARTHURS (Parry Sound) presented the first report of the special committee on Bill No. 78, to amend the Pension Act, and moved that the report be concurred in.

Motion agreed to.

UNEMPLOYMENT RELIEF

Hon. W. A. GORDON (Minister of Labour): Mr. Speaker, I desire to lay on the table of the house certain orders in council passed pursuant to the relief legislation under the relief act, also the report under the same act.

PETITION

The petition presented on Monday, April 24, by Mr. A. W. Neill (Comox-Alberni), was read to the house by the clerk assistant.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

INCOME TAX COLLECTIONS

Mr. ROBERGE:

What amount did the government receive in 1932 by way of income tax from individuals, companies, corporations or others, who paid a tax on an income ranging from $10,000 to $500,000?

Mr. RYCKMAN:

Individuals, $21,753,463.37; corporations, $35,749,230.32.

SHIPMENTS OF GRAIN

Mr. GAGNON:

How many bushels of (a) wheat; (b) barley; (c) other grains, were shipped from Canadian ports and what quantity from American ports, respectively, in each of the years 1929, 1930, 1931 and 1932?

Mr. STEVENS:

Canada's domestic exports of barley, oats, rye and wheat to (1) the United States; and (2) overseas countries via (a) Canadian sea or river ports; and (b) the United States, during the calendar years 1929, 1930, 1931 and 1932, were as under:

Grains	(1) To United States	(2) To Overseas countries (a) Via Canadian sea or river ports	(2) To Overseas countries (b) Via United States
	Bushels	Bushels	Bushels
Barley—			
1929	88,407	6,263,085	10,636,195
1930	582,362	730,399	1,521,538
1931	104,250	17,571,853	6,583,652
1932	1,449	9,862,236	129,058
Oats—			
1929	34,166	7,294,417	352,893
1930	805,206	1,945,424	14,584
1931	60,041	10,190,460	926,571
1932	25,233	15,370,887	40,954
Rye—			
1929	42	1,691,059	247,223
1930	63	243,474	1,037,662
1931	273	1,675,749	1,997,132
1932	175	7,776,083	1,124,176

Grains	(1) To United States	(2) To Overseas countries (a) Via Canadian sea or river ports	(b) Via United States
Wheat—	Bushels	Bushels	Bushels
1929	6,775,964	139,911,263	64,258,362
1930	10,247,752	124,317,527	73,205,088
1931	4,949,770	129,664,293	60,211,549
1932	52,100	194,211,443	33,956,212

Note: During the calendar years 1929 to 1932 a certain amount of Canadian barley, oats and rye exported from Fort William and Port Arthur to overseas countries via the United States was re-routed from United States lake ports for export via Canadian ports chiefly Montreal. It is impossible to segregate the quantity of barley, oats and rye thus re-routed from United States lake ports from United States barley, oats and rye in transit via Canadian ports.

QUESTIONS PASSED AS ORDERS FOR RETURNS

BOARD OF PENSION COMMISSIONERS—CASES HEARD

Mr. MACKENZIE (Vancouver Centre):

1. How many cases have been referred to the Board of Pension Commissioners since the Pension Act amendments, 1930?
2. How many were at that time awaiting decision by the said board?
3. How many cases have been decided by the Board of Pension Commissioners since the 1930 amendments (a) in favour of the applicant; (b) against the applicant?
4. How many cases are now awaiting decision by the Board of Pension Commissioners?

BOARD OF PENSION COMMISSIONERS—COST

Mr. MACKENZIE (Vancouver Centre):

1. What has been the total cost since the passing of the Pension Act amendments, 1930 (a) of the Board of Pension Commissioners; (b) of the pensions tribunals; (c) of the pensions appeal court?
2. What has been the total cost to the treasury of awards made since the Pension Act amendments, 1930 (1) by the Board of Pension Commissioners, and not appealed; (2) by the pensions tribunals, and not appealed; (3) by the pensions appeal court?
3. What has been the total cost since the passing of the Pension Act amendments, 1930 (a) of all pensions advocates, including staffs and travelling expenses; (b) of all commission counsel, including staffs and travelling expenses; (c) of all medical advisors called in before the pensions tribunals?

PENSIONS TRIBUNALS

Mr. MACKENZIE (Vancouver Centre):

1. On what date did the pensions tribunals commence to function?
2. How many cases have been referred to the pensions tribunals from that date until April 15, 1933?
3. Of such cases, how many have been decided by the pensions tribunals (a) in favour of the applicant for pension; (b) against the applicant?

[Mr. Stevens.]

4. How many of the cases decided by the pensions tribunals have been appealed from (a) by pensions advocates; (b) by commission counsel?
5. How many cases are now awaiting (1) hearing; (2) decision?

PENSIONS APPEAL COURT

Mr. MACKENZIE (Vancouver Centre):

1. On what date did the pensions appeal court commence to function?
2. How many cases have been appealed to the pensions appeal court from that date until April 15, 1933?
3. Of such cases, how many have been decided by the pensions appeal court (1) in favour of the pension applicant; (2) in favour of commission counsel?
4. How many cases are now awaiting (a) hearing; (b) decision?

Mr. MacLAREN: These four returns are tabled herewith.

CANADIAN FARM LOAN BOARD

Mr. GAGNON:

1. What is the total amount of money loaned, each year, by the Canadian Farm Loan Board since its inception?
2. What is the total amount of money loaned, each year, by the board, in each province?
3. What was the total amount of administrative costs in each province paid, each year, by the Canadian Farm Loan Board, since its inception?
4. Were the administrative costs higher in certain provinces; if so, why?

Mr. RHODES: Tabled herewith.

MOTIONS FOR PAPERS

JOHN I. MCFARLAND

Mr. DONNELLY:

For a copy of all correspondence, telegrams, memoranda and other documents passing between the government, any member of the government or any official thereof, and John I. McFarland, since September 1, 1930, relating to his position and activities as marketing agent for the wheat pools.

CANADIAN NATIONAL RAILWAYS—EMPLOYEES

Mr. YOUNG:

For a copy of all contractual agreements now in effect between the Canadian National Railways and its employees; also for the rates of salary and wages paid to the various classes of employees of the railways from the years 1916 to 1932.

Mr. MANION: Of course it must be understood that the government has not this information. I am quite willing to let the motion pass subject to our being able to obtain the information from the management of the railways.

E. J. S. VERGE

Mr. MARCIL:

For a copy of all documents bearing on the charges made against E. J. S. Verge, returning officer of Bonaventure county.

RADIO BROADCASTING ACT

On the orders of the day:

Mr. R. W. GRAY (West Lambton): I should like to ask the Minister of Marine (Mr. Duranleau) if it is the intention of the government to introduce during this session amendments to the Radio Broadcasting Act.

Hon. ALFRED DURANLEAU (Minister of Marine): The matter is under consideration.

SOLDIER SETTLERS—SASKATCHEWAN

On the orders of the day:

Mr. CAMERON R. McINTOSH (North Battleford): I should like to direct a question to the Minister of Labour (Mr. Gordon). I have received information from northern Saskatchewan to the effect that certain soldier settlers cannot procure seed or feed oats. Last year the seed apparently was received too late and there was no crop. This year the same situation will occur if something is not done. I understand that the men concerned have appealed to the municipality, to the soldier settlement board, to the Canadian Legion, and as well to the minister. May I ask whether the minister will be good enough to investigate these cases immediately and to take remedial action on behalf of these men who are in dire need of seed and feed oats.

Hon. W. A. GORDON (Minister of Labour): So far as I am aware, no communication has been addressed to the director of soldier settlement in connection with the matter to which the hon. gentleman refers. I do not know whether my hon. friend is willing to let me have the names of the soldier settlers who complain, but it would facilitate investigation of the matter if I had them.

Mr. McINTOSH: Yes; I shall be willing to give the name I have here.

Mr. H. E. SPENCER (Battle River): Is the federal government giving anything in the way of feed or seed oats to the people on the prairies? I did not know that was being done.

Mr. GORDON: The federal government in the past has loaned money to the provinces for that purpose and I believe in some instances seed has been supplied to soldier settlers, although I may be wrong in that regard. The director of soldier settlement has advised me that there are very few cases where soldier settlers are in need of seed. I will inquire further into the matter to see to what extent, if any, seed has been supplied to soldier settlers. Generally speaking, where it became apparent that the settler, not under soldier settlement, was unable to supply the seed himself and the province could not supply it, a loan has been made, as indicated and discussed in this house, to the province for the purpose of providing seed in certain areas.

WAYS AND MEANS

CONDITION OF SETTLERS IN ROUYN DISTRICT

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of ways and means.

Mr. JEAN-FRANCOIS POULIOT (Témiscouata): Before you leave the chair, Mr. Speaker, I wish to direct to the attention of the government a matter of great importance. I have just received the following telegram, collect, from Rouyn.

Some hon. MEMBERS: Oh, oh.

Mr. POULIOT: When the house learns why the telegram has been sent collect I do not think anyone will laugh. Everyone recalls an article written by the correspondent of the Toronto Globe, who made the statement that the Minister of Labour (Mr. Gordon) showed great incredulity when I cited some cases of distress in the colonization district. The following telegram comes from the district of Rouyn:

3.40 p.m., April 25, 1933.

Jean-François Pouliot,
Ottawa.

N'avons plus rien à manger.

"We have nothing more to eat."

Je vous demande d'interpeller le gouvernement pour nous.

"I ask you to make representations to the government on our behalf."

Sinon il y aura des mortalités.

"Otherwise people will die."

Lettre suit.
"Letter follows."

Agissez avant qu'il soit trop tard.
"Act before it is too late."

(Signé) Marcel Essiambre.

I have not yet received that letter. Now, when an aviator is lost or not heard from the government is ready to spend hundreds of thousands of dollars to find him, and I do not see why this or any other government should not be prepared to come at once to the rescue of these people. Surely it should not be a matter of corresponding with this one or that one. As I say, when an aviator is lost in the fog or at sea, this government dispatches searching parties to rescue him. I have been laughed at because I have brought to the attention of the house certain cases of distress in this country, settlers who were left far away in the wilderness without any means of sustaining themselves. In connection with the situation I am now discussing I have some letters which I will give to the house. I regret that I have not the translation ready but I will give the letters in French and ask the Minister of Labour to be good enough to instruct the chief translator to submit a translation to him as early as possible. I would ask him to get the translation as soon as it is printed on Monday next. Here is the first letter I have:

Les Etroits, April 19, 1933.

Mr. Jean-François Pouliot,
Member for Témiscouata.

Dear Sir,—

I am writing to you a few lines to inform you how things are managed here. We are at the point of starvation. I am appealing to you for funds to purchase food. As to direct assistance, it was impossible to obtain any during the whole winter. I was paid $12 for work done, and $14 was allotted to the whole of my family. You may judge for yourself what hardships we endured throughout the winter.

For Heaven's sake, are you not able to get us $75 to do our seeding. I depend on you for a livelihood.

Another letter I received from the parish of St. Louis du Ha! Ha!, county of Témiscouata; reads as follows:

St. Louis du Ha! Ha!
February 25, 1933.

Mr. Jean-François Pouliot.

Sir,—

I am appealing to you, to-day, to grant us, for God's sake a small contribution. Like every one here, I am in great distress. I had purchased a horse for $195, and I had almost completed my payments, being only $5 short; however, the man who sold me the horse would not wait any longer, he came to get his horse. I cannot find the money to pay a first instalment on another. I am disheartened, not having earned any money this winter. I worked for a Mr. Couturier and I was only paid in goods. My wife, who is in poor health, is greatly discouraged. I wonder what will be the end.

A horse is indispensible on a farm, and during these hard years my farm has not given sufficient returns to enable me to save. I still owe $500 on the farm and I am doing my best to keep it out of liquidation. Last autumn I ploughed quite a large patch of land, sufficient to sow all I required in order to live without too much hardship; however, not having any horses, I shall be unable to sow what I ploughed.

If you could send me a small amount or make me a small loan, at not too high a rate of interest, I would be very grateful to you. You are aware that things have changed, to-day, the Liberals have nothing to do with the Conservative administration. Had I belonged to the same party as the man who sold me the horse, perhaps, he would have been lenient towards me. I beg of you, for God's sake, to kindly grant or advance me a small amount, for a few years, on a promissory note, at not too high a rate of interest.

I have no means of purchasing a horse. Times are hard, especially for farmers whose lands are not yet paid in full. I am aware that I shall not forfeit my farm providing I meet the interest on what is owed. I am very grateful to an old relative who is kind enough to help me.

Kindly, sir, accede, if possible, to my request, my wife and myself would be very grateful to you, and, should it meet with your wishes, we should be glad to have you pay us a visit next time you come to St. Louis. Thanking you in anticipation, etc., etc.

The following is another letter, sir.

Biencourt, April 3, 1933.

Mr. Jean-François Pouliot.

Sir,—

You will pardon me if I take the liberty of writing to you. I should appreciate a few suggestions from you and, at the same time, I wish to inform you how we fared throughout the winter in our dear parish of Biencourt. I have been residing here since October 13, 1931. I came to settle here as I could not earn a livelihood in my own parish. I therefore undertook farming in earnest, as new settlers we did fairly well, so far as clearing the land and doing other odd jobs, especially as no forest fires had devastated the land. However, our crop was practically nil, except for a little straw.

We were, therefore, not in the best of circumstances to begin the winter; the first days we cut 38 cords of pulpwood at $3 per cord. I was able to set aside 50 cents per cord, the balance having been seized for an old debt. The company carted away the wood at the rate of 90 cents per cord; however, I was unable to draw the balance of my money. I wish to inquire whether this is practicable. That is all the money I was able to draw—with the exception of $40 which I earned last autumn—to provide for a family of ten during the whole winter. These are certainly hard times, no potatoes or other food, except bread and meat obtained through hunting. Had the latter not

been so plentiful, we would have been forced to feed on grass.

There still remains the question of clothes. Many of these are badly worn, especially boots.

Would you, therefore, kindly inform me what steps should be taken to recover what is coming to me. We have heard that the government's timber-cut was not seizable, etc.

He continues:

I did not remain inactive, I ploughed 7 acres for the spring which, however, I shall be unable to sow. I have neither seed grain nor money. We could have sown more last spring, but we were unable to obtain more than three bags of seed grain and then we had to undertake three trips, at 10 miles distance, to obtain them. I am preparing 10 more acres for next spring. I have begun to build a barn, 36 feet by 40 feet, all the work was done with an axe; I also have some shingles which I, myself, made with a drawing-knife. I wish to follow the good example set by my old father.

I trust that it will not give you too much trouble to answer my letter at your earliest convenience.

An hon. MEMBER: Carried.

Mr. POULIOT: When people are suffering there should not be jokes made about their misery. I regret I have to do what I am doing but I do it because people are suffering. If these people were being looked after in accordance with the famous Gordon plan, I would not have received any of these letters. I might tell my hon. friend that I stopped at a house in his county. There were three men out of work and they told me they were being forced to live upon bread and molasses. One of the men was an able carpenter and he had to fill in his time by fishing. Another man was a good mason and he had to go wild duck hunting. The third man could not get any work at all. Those are the conditions which existed in one home in the constituency of my hon. friend. I have always tried to be courteous to him but I feel that jokes should not be made about the misery of these people. My hon. friend claims that these conditions do not exist but I will not waste the time of the house any more. Let him remain quiet in his seat while others defend the poor people who are suffering.

Les Etroits, April 7, 1933.

Mr. J. F. Pouliot,
Ottawa.

Mr. Pouliot,—

I have been very unfortunate these days. I had a team of good horses to work my land; both died within a month. . . .

An hon. MEMBER: Oh, oh.

Mr. POULIOT: I hear an ass bray. Mr. Speaker, in case you may call me to order, I do not say that I see one, I say that I hear one. I would ask you, sir, to request the sergeant at arms to escort him from the chamber.

I regret the disturbance from the other side of the house but I may tell my hon. friends that they will not prevent me from saying all that I have to say. I am not saying this for the benefit of either the government or the Liberal party, I am speaking on behalf of the poor people who have to suffer. My hon. friends opposite may want to cheer at the misery and trouble of these people, but do they think that they can live on onions all year?

Mr. GOTT: Onions are food; the hon. member needs something for the brain.

Mr. POULIOT: If my hon. friend uses them for his brain, it proves they are no good.

Mr. GOTT: The hon. member for Temiscouata (Mr. Pouliot) should use some of them.

Mr. POULIOT: The letter continues:

I have been very unfortunate these days. I had a team of good horses to work my land; both died within a month; as you are aware, one is not master of his destiny. I find it impossible to purchase a horse this spring to carry on my seeding.

I have not earned anything within the last two years. We had to practise thrift in order to live on the small returns which this land brings.

I have been married ten years and have eight children. I have received no assistance and found it impossible to leave the house and take up unemployment work. Each time unemployment work started, it was impossible for me to go and work, my wife was ill, moreover, the work was being done at a distance from my house—it was therefore impossible to leave the house. I never received any bonus for clearing my land because I happened to be on a patented lot.

I am, therefore, obliged to beg of you some little assistance to purchase a horse; perhaps, some of your friends will subscribe. I am one of your electors and so are all my relations, as you are aware.

I wish to thank you for the information given in connection with the road fence.

St. Emile-d'Auclair,
March 26, 1933.

Mr. J. F. Pouliot,

Mr. Pouliot,—

Just a few lines to inquire how the Unemployment Act affects the settlers of Auclair. I settled on my lot last October and have not received any assistance, while some folks who have been here for a year, have received $32 per family, and the boys $20; others received assistance to build themselves a camp. Must one hail from the city to be given assistance? I am a farmer's son having lived in the country and always tilled the land, I would,

therefore, like to be encouraged as others, because if things do not improve, there will be great distress; we, from the county of Témiscouata, have not been treated as fairly as the people from Lac-Noir or elsewhere.

Please, inquire from Messrs.....

of St. Hubert, who are aware of this fact.

Packington, March 29, 1933.

Mr. J. F. Pouliot,

Member for Témiscouata,

House of Commons.

Dear Sir,—

I wish to apprise you of our condition. We are men from your county and have come to the conclusion that you have the courage and backbone to espouse our cause. Do everything possible to obtain a little food for us, at least for our children. We are ready to take our oath on what we shall disclose to you. We are entirely devoid of food, clothes and implements.

Our horses have died of hunger and it will not be long before some of us meet the same fate. We were forced to sell our live stock at ridiculous prices, they had cost us very dear. How do you expect us to work when we are practically naked, without clothes, food or implements? Yet, if we do not work we will be looked upon as lazy and good for nothing.

Last spring we resorted to oxen so as to harrow the land; however, we had to sacrifice them. If you cannot obtain any help from the government, could you not possibly raise a subscription among the members or ministers.

For Heaven sake, Mr. Pouliot, do try and arrange matters so that an inquiry may be held on the spot.

It is impossible to describe our situation, such as it is; however, please endeavour to collect a few cents to buy bread for our little children and wives. We settled here in 1931.

Your humble servants, poor unfortunate settlers of Packington, county of Témiscouata.

The following is a letter from St. Benoit de Packington:

Mr. J. F. Pouliot, M.P.,
House of Commons,
Ottawa.

Dear Sir,—

I am a poor settler, of 1931, in distress; however, I am not the only one. The colonization agent contends that I am the person who carries on all correspondence and criticizes the government's policy.

It is the first letter which I have received from this gentleman.

I am very sorry—I am simply doing this to prevent myself from starving to death. I have just been informed that I shall be given no further assistance, because I have requested an inquiry at home. I have clear proofs. As you will note, it is impossible for us to complain and make known our condition, because, if we do so, assistance is cut off. I bore no ill-feeling against anybody when I took such a step, I simply did so, to give bread to my family; we are nine at the table.

[Mr. Pouliot.]

Would you be so kind as to advise me, for I am disheartened. I read in La Presse of Montreal of March 21, 1933, that you have espoused the cause of the poor unfortunate settlers. May I congratulate you, my comrades associate themselves with me in sincerely congratulating you.

May I, sir, inform you, that all these marks of appreciation bestowed upon me by these poor people in distress amply repays me for all the insults, aspersions and jeers that may have or may be later levelled at me by members who sit on your right, sir.

What you state in La Presse is the truth, the whole truth, nothing but the truth. What we request of you, again, is to obtain an inquiry at domicile, at Packington, county of Témiscouata, ranges eighth and ninth, south of the church. While waiting for that inquiry, we are wondering what we shall do to keep ourselves from starving to death. Have no hesitation in reading, in the house, the two letters forwarded to you, and have them also published in the newspapers.

Send us a person, with a Bible, to hold the inquiry at domicile, one who may request an oath from us but not one to hold the inquiry at the priest's house—it is not in the latter place that one sees the distress of mothers and their children.

In this connection, I think the man exaggerates, for most of the people who devote their time to settlers are absolutely impartial and I wish to give credit to the parish priests of Canada, who carry on such admirable work in promoting colonization. Furthermore, my complaints were not directed against any member of the clergy, as such, but I denounced the erroneous reports of certain provincial government officials.

Another letter is as follows:

Isle-Verte, April 5, 1933.

Mr. Jean-François Pouliot,
House of Commons,
Ottawa.

Dear Sir,—

After passing many restless nights, I decided to write to you. The other day in reading over the newspapers, I saw that the latter endeavoured to convey that you were mistaken in stating that settlers had undergone hardships. Do not allow yourself to be nonplussed. N. . . D. . . has just told my husband, in my presence, that had he not assisted his brother-in-law—who owns a lot—and his family, they would have starved to death; when food was placed before the children, they burst into tears with their mother. They had been living for three weeks on Swedish turnips.

It is not much better than onions.

The son of M. . . D. . . recently married, after three months' residence on his lot, some people came to call on him from l'Isle-Verte. When they were about to leave the house, his young

wife got into the carriage, saying: "I am going back home, before I starve to death—notwithstanding the plea of her husband begging her to stay with him. That is a fact.

These, sir, are a few of the letters which I have received, a few samples only. I could quote others, I simply wished, however, to put these facts before the house, in order to prove that when I denounced certain abuses, under my responsibility as member of parliament, I deserved a better treatment than the insults, aspersions and jeers of members opposite; moreover, I should have been able to depend on their closest, constant and sincerest co-operation.

May I before closing my remarks, quote a letter of an eminent member of the clergy—he uses the third personal pronoun in writing to me:

He thanks you for your information. It is evident that we lack direction and organization, that splendid examples of devotion to duty are entirely lost by being isolated, that considerable sums of money are wasted, that colonization is carried on in regions which are not ready for settlers, that the settler himself is not taken care of in the present crisis and that this is a great national, social and religious misfortune.

Another eminent member of the clergy wrote to me on March 29, 1933, on the same date as the settler from St. Benoit-de-Packington wrote to me to inform me of his distress.

The struggle wears one down, but it ends by helping one out. Be courageous!

This testimonial amply compensates me for the insults, aspersions and jeers coming from the opposite side, when the members who look after the patronage, who are influential with the government, should themselves be the ones to act and relieve the distress of these poor settlers.

The following is a letter which I received from a dignitary of the church, a pioneer of colonization, it is dated April 2, 1933.

Your reply to one of the heads of the back to the land movement would call for more than a passing remark.

I only wish to dwell, for the present on the following: "The preparation both for the future and present of all schemes, as well as all measures must be based on experience and good common sense." Few possess experience in matters of colonization. As to good common sense everybody claims it.

Will the gathering around a table, of those who are interested in settling Canadians in this country, to discuss thoroughly the problem of back to the land, etc., solve the problem?

Likely so.

But around the table, one must not only group missionary agents of colonization and a few other known authorities, whatever may be their knowledge and moral authority. The colonization problem although a social and national one, is also a political problem.

Among the voluminous correspondence received, sir, I have but two more letters to submit to the house.

A number of members may think or imagine that I am not in earnest when discussing the subject, but, I wish to point out to them that it is a crime to allow people of our race to die of hunger.

Some hon. MEMBERS (Text): Hurrah!

Mr. POULIOT (Translation): I see those yellow creatures, members of the Ku Klux Klan, jeering at me because I am espousing the cause of my French Canadian patriots. I take this opportunity, sir, to state that I cannot understand how members of my race can thus fraternize with members who belong to the Ku Klux Klan, and then go to their province and take part in patriotic demonstrations. I find it very strange, indeed, that in Quebec, there are some who jeer, to-day, at those who endeavour to side with the humble people, those lacking protection and in distress.

I received a letter from a patriot, who belongs to a religious order.

Your letter reached me here where we are holding lent retreats. Allow me to congratulate you on your denunciation of the shocking inertia of our province and your idea of pooling all schemes and bringing together all experts so as to build up some system. Evidently there will still remain to win over the great minister, who obstructs the way and delights in doing so.

We must begin by freeing in every part of the province, the land, the soil, the millions of acres where one can lead and help the thousands and thousands of young men who are merely waiting for something to turn up. For those who look upon money as the first and final expedient of politics, the method of building a country, in a Jean Talon style, engulfing fortunes before producing any results, would be a faux pas bound to bring on failure. Only the pressure of public opinion, the fear of disorders and a general hue and cry can compel one who takes an interest in the fate of the upper classes, but none in that of the humble people, to bestir himself a little.

You enjoy free speech on the floor of the house, people watch for every word of your open and clear cut statements, you are independent, you possess individuality and you are a good patriot, why do you not bell the cat?

I wish to bell the cows, so that it may be heard!

And "Le Droit" commenting on certain statements made in the house, ended an article as follows, quoting my statement:

God forbid, stated the member for Témiscouata, if the sacred character of the priest is attacked in the house, I shall be the first to defend it, as I have already proved it. Whoever is acquainted with Mr. Pouliot will not be astonished at such language.

This article appeared in "Le Droit" on April 7, 1933.

These include all the documents which I intended to submit to the house. The file is far from being complete as I have piles of similar letters which I could consign to Hansard. However, I have quoted enough of them to open the eyes of those who are voluntarily blind, to open the ears of those who are voluntarily deaf, to impress upon members of Quebec, members who are broad-minded and free from prejudices, upon English speaking members as well as those speaking French, upon Protestant as well as Catholic members, that the time has come to cease diverting public funds towards the west, without providing for Quebec's quota. The hon. member for Quebec South (Mr. Power) succeeded in getting a great deal of information in connection with the government's policy which consisted in granting the western provinces an enormous share of the country's revenue. A large portion of the deficit announced by the Minister of Finance (Mr. Rhodes) comes from the advances made to the west. I therefore would request all members who are broad-minded, free from prejudice and parochial ideas, who wish to see the Canadian race survive, first, to bear in mind that the French Canadians of Quebec are entitled to a place under the sun, that Quebec, one of the two provinces which are responsible for more than two-thirds of the government's revenue, is entitled to have its quota when it is a question of relieving the humble, those who lack protection and are in distress.

I did not criticize the hon. Minister of Labour (Mr. Gordon) to-day as sharply as he would have deserved if, really, the Gordon scheme, to which he gave his name, was to become the salvation plank of colonization in this country. I wish to especially draw the attention of the Minister of Labour on the statement I have just made and I shall again repeat to him before closing my remarks:

I would ask the Minister of Labour to be fair enough to read the letters which I have just put on Hansard and to take cognizance of them and to see that these people who are suffering the pangs of hunger receive relief at once. I do not wish him to answer me that I must take the matter up with the provincial government. I appeal now as a representative of the people to this high court of justice, the supreme court of justice in this country. I want my people and the Canadian people generally to be treated fairly. I am sure that the minister who is a generous and big-hearted man will see to it that these people are relieved without any further delay.

[Mr. Pouliot.]

Mr. BAKER: Did the hon. member for Témiscouata (Mr. Pouliot) ever stop to calculate the cost to the country of the scene he has just put on, when all that was really necessary, as he well knows, was to go to the minister's office, present his letters and explain the case? He would then have received just as much consideration as he will by all this waste of the country's money.

Mr. POULIOT: I will answer my hon. friend in two words. The greatest waste of money since the beginning of the session was the adjournment of the house and the Senate in order that the Prime Minister might go to England. Parliament had to be adjourned for two months because the right hon. gentleman wanted to go abroad, probably for his own business.

Some hon. MEMBERS: Order.

Mr. POULIOT: If I have taken up the time of the house it has been to arouse public opinion in order that justice may be done in this case as soon as possible.

Mr. BAKER: That has nothing to do with the question you brought up to-day.

Mr. POULIOT: My hon. friend asked me a question and I have answered it better than the Postmaster General answers questions.

Sir GEORGE PERLEY (Argenteuil): Perhaps the hon. gentleman was within his rights in reading all these letters to-day. I do not think he was, but I did not choose to challenge his doing so because he speaks so seldom in the house that it would hardly have been fair.

Mr. POULIOT: It was my maiden speech.

Sir GEORGE PERLEY: But I wish to say that the letters he has read should have gone to the provincial government. He knows perfectly well that this government does not deal directly with individual cases of unemployment or with municipalities, but only through the provincial government. I ask my hon. friend to think what the position of this house would be if every one of us were to read all the letters we receive about unemployment. We all get them and if we were to follow my hon. friend's example we would be doing nothing else from one week's end to another but reading letters such as he has read to-day.

Motion agreed to, and the house went into committee of ways and means, Mr. LaVergne in the chair.

CUSTOMS TARIFF AMENDMENT

Hon. E. N. RHODES (Minister of Finance): I am going to ask my colleague to move that a new item be inserted in the tariff to be numbered 700a. It arises for the followng reason. A convention relating to international exhibitions was held in Paris in 1928, following which a convention was approved of by both houses of parliament, and one of the undertakings was that there should be a uniform practice with respect to giving free entry, under certain conditions, to exhibits for the purpose of international exhibitions.

Sir GEORGE PERLEY: I beg to move that the following item, enumeration and rates of duties, be included in the list of items indicated in resolution No. 2, of March 21, 1933, as for insertion in schedule A of the customs tariff:

700a. Goods imported temporarily and forming part of foreign exhibits in every exhibition to which the international convention relating to international exhibitions, signed on behalf of Canada, on the 22nd day of November, 1928, applies, and under regulations prescribed by the minister: British preferential tariff, free; intermediate tariff, free; general tariff, free.

Provided a bond shall be first given in accordance with regulations prescribed by the minister as a sufficient guarantee for payment of customs duties and all other duties and taxes applicable to the goods exhibited which are not re-exported within the period fixed after the close of the exhibition.

Mr. HOWARD: Does the word "international" appear there?

Mr. RHODES: Yes.

Mr. HOWARD: So the item does not apply to ordinary exhibitions?

Mr. RHODES: No.

Amendment agreed to.

Mr. RHODES: Last night I promised to give some additional information sought for by different members. The hon. member for Antigonish-Guysborough wished figures for for 1929, 1930 and 1931 respecting the industries engaged in the knitted goods business. I find that the figures are as follows:

Year	Number of est'mnts	Capital invested	Number of employees	Salaries and wages paid	Cost of materials	Gross value of products
1929. . . .	159	$65,000,000	19,048	$16,000,000	$30,000,000	$60,000,000
1930. . . .	158	64,000,000	18,165	15,000,000	25,000,000	53,000,000
1931. . . .	161	57,000,000	17,698	14,000,000	22,000,000	48,000,000

I have some information concerning volume and values for three successive years for which the hon. member for Weyburn asked. The reply is contained in three full pages of closely typed material. Considerable time would be required to read this material into Hansard, and if the hon. member would be satisfied I should be happy to let him have the file. If at a later stage he wishes to refer to any item in detail he would be at liberty to do so.

DRAWBACKS

3. Resolved,—That schedule B to the customs tariff, being chapter forty-four of the revised Statutes of Canada, 1927, be amended by inserting therein the following item, enumeration and rates of drawback of customs duties:—

Customs tariff—1063. Materials, including all parts, subject to drawback when used in the manufacture of engines for use exclusively in the equipment of aircraft—payable as drawback, 60 per cent.

Mr. NEILL: I understand we have not finished resolution No. 1; several items stood for consideration.

Mr. RHODES: Yes; certain items are standing. We will deal subsequently with any such item when it is reached.

Resolution agreed to.

PROHIBITED GOODS

4. Resolved,—That schedule C to the customs tariff, being chapter forty-four of the revised statutes of Canada, 1927, be amended by deleting therefrom item 1215 and by inserting in said schedule C the following items:—

1215. Used or second hand automobiles and motor vehicles of all kinds, manufactured prior to the calendar year in which importation into Canada is sought to be made:

Provided, that this item does not affect in any manner automobiles and motor vehicles,—

(a) Imported under tariff items 702, 705a, 706, 707 or 708, or under tourists' or travellers' vehicle permits;

(b) Imported by a bona fide settler on a first arrival but not entitled to entry free of duty under tariff item 705a;

(c) Bona fide purchased on or before the first day of June, one thousand nine hundred and thirty-one, by consumers for their own use and not for resale;

(d) Forfeited or confiscated for any offence under the customs laws, or the laws of any province of Canada;

(e) Left by bequest.

1216. Used or second hand aeroplanes and aircraft of all kinds:

Provided, that this item does not affect in any manner aeroplanes and aircraft,—

(a) Imported under tariff items 707 or 708, or engaged solely in international traffic, or brought in by non-resident tourists for temporary use under permit issued by the Department of National Revenue;

(b) Bona fide purchased on or before the twenty-second day of March, one thousand nine hundred and thirty-three, by consumers for their own use and not for resale;

(c) Forfeited or confiscated for any offence under the customs laws, the air regulations or the laws of any province of Canada;

(d) Imported by the Department of National Defence for military purposes.

Mr. STEWART (Edmonton): Have these goods not been enumerated before for these purposes? What is the change?

Mr. RHODES: Item No. 1215 is an old one, but we are changing it to meet certain hardships which have arisen in case of bona fide settlers entering the country with motor cars which they own, but had not owned for a period of six months. In some cases those motor cars might have been owned for five months and a half, or some other period, as the case might be. As a matter of fact my attention was directed to one instance where a motor car happened to be owned by a bona fide settler one day less than the required six months.

Mr. STEWART (Edmonton): There is a prohibition against second hand cars?

Mr. RHODES: Yes. This provision widens the item to permit a bona fide settler to bring in his own car.

Mr. EULER: Does it reduce the period of six months?

Mr. RHODES: Yes, it makes for elasticity. Then, item No. 1216 prohibits the entry of second hand aeroplanes.

Resolution agreed to.

5. Resolved,—That any enactment founded upon resolutions 2, 3 and 4 of the foregoing resolutions to amend the customs tariff or schedules thereto, shall be deemed to have come into force on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Mr. YOUNG: I note that under resolution No. 5 any enactment founded upon resolutions 2, 3 and 4 amending the Customs Tariff shall be deemed to come into force on March 22. At what hour of the day?

Mr. RHODES: Immediately after midnight of March 21.

Mr. YOUNG: The budget speech was delivered on March 21. If this provision did not take effect until midnight of the same day, there would be some eight hours in which people having certain information would have time to act upon it. Is it customary to give that much leeway?

Mr. RHODES: It is quite possible that certain instances might arise, particularly on the western coast, where information could be used to the detriment of the public interest. The budget was brought down this year in conformity with the practice which has obtained in previous years, but, having regard to the objection which the hon. member has quite properly raised, I may say that probably a different practice will have to be adopted in subsequent years, so that no condition can arise such as the hon. member has in mind.

Mr. BROWN: Is it not so that tariff rates have come into effect as soon as a budget is delivered?

Mr. RHODES: Yes, because hitherto the practice has been that budget speeches have been delivered only after customs houses have been closed. However that does not meet all cases, especially in matters of taxation. In the past collectors of customs have been notified by wire the minute the budget has been released, and in such circumstances they have taken customs entries subject to correction, in the light of the terms as set out in the budget. Safeguard has been provided in that respect. But perhaps something may be said in favour of some other course being taken, especially in regard to taxation proposals which in part might be evaded. On subsequent occasions it might be desirable that the budget be delivered in the evening rather than in the afternoon.

Mr. BROWN: A serious condition has arisen in regard to one particular item.

Mr. RHODES: Yes, I am prepared quite frankly to admit that. I have no doubt the hon. member is referring to sugar. I take no exception to his statement.

Mr. EULER: Mr. Chairman, I do not wish to re-open discussion on a resolution which has been passed, but I should like the minister to clear up what may be a misconception in my mind with regard to the importation of settlers' effects, with particular reference to automobiles. Under the former legislation an automobile had to be owned for six months in the country from which the settler came before it could be imported as settlers' effects. Is the time now shorter?

Mr. RHODES: The law as it stood was to the effect that entry was totally prohibited unless a motor car had been in the possession

of a settler for six months. Under those circumstances a settler who may have owned a motor car for six months less one day, under the regulations could not enter it. The amendment now provides that all bona fide settlers in possession of motor cars which have been owned for lesser periods may bring them in, subject of course to paying the duty applicable to second hand machines.

Mr. EULER: What is that lesser period? Is it three or four months? Or two days less than six months. There must be some definiteness about it.

Mr. RHODES: No date is named. Obviously if a term of three months were named we would be presented with a similar difficulty. The test is the bona fides of the possession on the part of the settler. Each case would have to be decided upon its merits. Obviously if a settler purchased a motor car one day before entering this country, the transaction would be open to question. However, if it had been in his possession three or four months, or in some cases, two or three weeks, it might be allowed in.

Mr. EULER: I realize that in speaking to this resolution I am out of order, but I assure the minister that he will be confronted with difficulties in this connection. It is perfectly obvious that a settler coming to Canada, who is familiar with our law, in order to evade it might purchase an automobile two or three weeks before entering. There is certainly no definiteness in the resolution.

Mr. RHODES: His experience in the administration of departmental affairs will have caused the hon. member to realize the dangers and difficulties that have to be met in connection with any law. I think he should also admit this practical truism, that you cannot frame any general law which cannot be evaded in part or in certain instances. The law as it stood, however, was too rigid, and this amendment is sought merely for the purpose of avoiding injustice to bona fide settlers who desire to come to this country in possession of a second hand motor car.

Mr. EULER: You may have a good deal of difficulty in administering it.

Mr. RHODES: That may be so, but this amendment was really introduced upon compassionate grounds, to avoid imposing any hardship. It appears here because of representations made to me by the Department of National Revenue.

Mr. STEWART (Edmonton): Just to clear up the matter, may I ask the minister a question? If the individual entering Canada has not had the car in his possession for six months he cannot secure free entry. Is that so? If he acquires the car within the six month period he must pay the regular duty, as I understand it?

Mr. RHODES: As the law stood, unless the car had been in his possession for six months he could not bring it in at all.

Mr. BROWN: I think the position taken by the minister is the only proper one in the circumstances. The difficulty would arise no matter what period was mentioned; there would always be the possibility of someone falling short by one day.

The CHAIRMAN: I think this discussion is out of order, and I want to remind the committee that there are two items standing.

Mr. STEWART (Edmonton): The minister was not permitted to answer my question.

Mr. HANSON (York-Sunbury): Let the minister clarify it.

Mr. RHODES: I think there was a misunderstanding, and I believe if we are out of order we should give unanimous consent to proceed.

The CHAIRMAN: But items 366b and 568 were not passed.

Mr. RHODES: I thought we were dealing with this item.

Mr. STEWART (Edmonton): This is the point about which I should like to be clear. If the individual entering Canada as a settler is in possession of a car which he has had for a longer period than six months the car will come in duty free. If he has not been in possession of the car for six months he can still bring in the car by paying the ordinary duty on second hand cars.

Mr. RHODES: Yes, if it is decided that he is a bona fide settler. My hon. friend is quite right.

Mr. McINTOSH: I believe the minister is taking the right stand in this matter. I know that a few years ago I had many complaints from settlers coming to western Canada from the United States, who suffered particular hardship under the law as it formerly stood. I believe the change the minister has decided upon is the right thing to do, in regard to bona fide settlers coming to western Canada the law should be elastic so that there may be no hardship imposed. This amendment will help the settlers.

Resolution agreed to.

EXCISE ACT AMENDMENT

Resolved,—That it is expedient to introduce a measure to amend the Excise Act, chapter sixty of the revised statutes of Canada, 1927, and to provide:—

1. (i) That section one hundred and forty-nine of the said act, as amended by chapter eight of the statutes of 1932, be amended by providing that the rate of excise duties set out by the second paragraphs (a); (b) and (c) of the said section be fixed at two dollars and fifty cents per gallon of the strength of proof on spirits used in the manufacture of patent and proprietary medicines, extracts, essences, perfumed spirits, and pharmaceutical preparations manufactured in bond, instead of $2.40, $2.42 or $2.43 as set out in the said paragraph;

(ii) That said section one hundred and forty-nine be further amended by adding thereto the following subsection as subsection two thereof:—

(2) There shall be imposed, levied and collected on all spirits distilled from the juices of native fruits for use exclusively by registered wine manufacturers under prescribed regulations, a special excise duty as follows:—

On every gallon of the strength of proof by Sykes' hydrometer, one dollar and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon, and the said duty shall be payable by the registered wine manufacturer at the time such spirits are taken out of warehouse.

Mr. RHODES: I have an amendment to offer to this resolution, which will have the effect of reduciing the duty from $2.50 to $1.50 per gallon. It will be recalled that formerly the duty was 75 cents. In the budget we increased the rate to $2.50, but it is felt that this rate is too high, and we are now asking that it be reduced to $1.50. The Minister of National Revenue will sponsor this motion.

Mr. POWER: It would seem that in the original resolution as introduced in the budget the rate was fixed at $2.50 instead of $2.40, $2.42 or $2.43, as was the case previously. Is that correct?

Mr. RHODES: Those are the rates which have obtained for a considerable period of time; they have reference to spirits used in pharmaceutical preparations, and there is no change in that regard. The change proposed was in regard to the duty upon spirits used in the manufacture of perfumes; that was raised from 75 cents a gallon to $2.50 a gallon, but as I have already explained that rate is now regarded as excessive, and this amendment which will be moved by my colleague reduces the duty to $1.50 per gallon.

Mr. CASGRAIN: May I ask if this is the result of the negotiations and representations carried on by the pharmaceutical association and the medical society?

[Mr. McIntosh.]

Mr. RHODES: I think it would be fair to answer yes to that question. The matter was very carefully canvassed in view of the representations which were made, and we were convinced that the proposed rate was too high.

Mr. HANSON (York-Sunbury): In order to get this clear may I ask what the figures $2.40, $2.42 and $2.43 have reference to? I would construe this resolution to mean that the rate of duty is to be $2.50 instead of $2.40, $2.42 and $2.43, and I think that is what was in the mind of my hon. friend from Quebec South.

The CHAIRMAN (Mr. MacDonald, Cape Breton South): The amendment is as follows:

That paragraph one of the resolution to amend the Excise Act, introduced on March 21, 1933, be amended as follows:

1. By striking out the words "perfumed spirits" in line six of sub-paragraph (i);

2. By adding the following as sub-paragraph (iii) of said paragraph one:

"(iii) There shall be imposed, levied and collected on all spirits used in bond for the manufacture of perfume, an excise duty as follows:—

On every gallon of the strength of proof by Sykes' hydrometer, one dollar and fifty cents and so in proportion for any greater or less strength than the strength of proof and for any less quantity than a gallon, and the said duty shall be payable by the bonded manufacturer in accordance with regulations prescribed."

Mr. RHODES: I was partly in error in answer to my hon. friend from Quebec South. The position now will be that instead of the rates which heretofore have obtained of $2.40, $2.42, and $2.43, the sum of $2.50 will be charged.

Paragraph agreed to.

On paragraph 2:

2. That subsection two of section one hundred and fifty of the said act be amended by repealing paragraphs (a), (b) and (c) thereof and substituting therefor the following:—

On every gallon of the strength of proof by Sykes' hydrometer, two dollars and fifty cents, and so in proportion for any greater or less strength than the strength of proof and for any less quantity than one gallon.

Thereby increasing to a flat rate of two dollars and fifty cents the duties already imposed at $2.40, $2.42 and $2.43 as the case may be on spirits used by licensed druggists in the manufacture of preparation of medicines, etc.

Mr. RYCKMAN: There is a typographical error in the last line, "manufacture of preparation"; it should be "manufacture or preparation."

Mr. POWER: Will it not be necessary to have an amendment here to cover perfume spirits?

Mr. RHODES: I am advised that the druggists do not use perfume spirits.

Paragraph agreed to.

3. That any enactment founded on the foregoing paragraphs of this resolution shall be deemed to have come into effect on the twenty-second day of March, one thousand nine hundred and thirty-three, and to have applied to all goods taken out of warehouse for consumption on and after that date.

Paragraph agreed to.

SPECIAL WAR REVENUE ACT

On paragraph 1:

Resolved,—That it is expedient to amend The Special War Revenue Act, chapter one hundred and seventy-nine of the revised statutes of Canada, 1927, as amended by chapter fifty of the statutes of 1928, chapter fifty-seven of the statutes of 1929, chapter forty-three of the statutes of 1930, chapter fifty-four of the statutes of 1931, and chapter fifty-four of the statutes of 1932, and to provide:—

1. That section four of the said act be amended to provide that notes of a bank in circulation in any British colony or possession other than Canada, under the authority of section sixty-two of the Bank Act and in respect of which taxation is levied and payable by or under the laws of such colony or possession, shall be exempt from the taxation required to be made under sections three and four of the said act, provided that if the tax imposed by or under such laws is less than the tax imposed under section three of the said act the amount of such exemption shall not exceed the amount required to be paid by or under the laws of such colony or possession in respect of such notes.

Mr. RHODES: This means that currency issued by the banks for special use in the West Indies will not be subject to the tax. The Canadian banks have a special circulation which they use in certain parts of the West Indies and there they are called upon to pay a substantial bank tax. Under the law as it stands they would therefore be required to pay a double tax, one in Canada as well as one in the West Indies. This relieves them of the tax here.

Mr. YOUNG: Do the bank reports require that they shall show what circulation they have in the West Indies?

Mr. RHODES: They are required to show their total circulation, but whether the circulation in the West Indies is segregated I do not know offhand.

Paragraph agreed to.

On paragraph 2:

2. That the provisions exempting from the stamp tax cheques, receipts to banks, money orders, travellers' cheques and post office money orders, where such instruments are for an amount not exceeding $5 be repealed, except in the case of cheques issued by butter or cheese factories to producers of milk or cream.

Mr. ELLIOTT: What is the idea of making an exception of cheques issued by butter or cheese factories to producers of milk or cream?

Mr. RHODES: I understand that the practice of a number of butter and cheese factories, particularly in the west, is to issue a number of small documents for very small amounts daily or at all events weekly. These individual amounts are so small that a tax would be excessive, and therefore that particular class of cheque is exempt.

Mr. BROWN: In view of the representations made from this side two years ago I hope that no argument will prevail on the minister to make any change now.

Mr. ELLIOTT: The paragraph states that the provisions exempting from the stamp tax cheques, receipts to banks, money orders, travellers' cheques and post office money orders, where such instruments are for an amount not exceeding $5, shall be repealed. So far as they are concerned the present provisions are repealed when the amount does not exceed $5, except in the case of cheques issued by butter or cheese factories to producers of milk or cream.

Mr. RHODES: Yes; they are not subject to the tax if the amount is $5 or under.

Mr. HOWARD: How much revenue does the minister expect to receive as a result of this change?

Mr. RHODES: I am sorry it is impossible to give an accurate answer because they use post office stamps and we have no means of checking, but I am told that the amount will be fairly substantial.

Mr. HOWARD: I have no fault to find with the previous resolution, but it will be noted that it exempts the banks from taxation upon their circulation outside of Canada. In the very next resolution the minister proposes to increase revenue by taxing the small cheques which are generally issued by the poorer people.

Mr. RHODES: My hon. friend presents a contrast which is not quite as evident as the two resolutions might lead one to believe. There would be no question of exempting the

banks from taxation upon their circulation if it were not for the fact that the West Indian possessions have instituted a very heavy tax upon the circulation of currency. It would be very unfair to subject the banks to double taxation. In connection with the tax on cheques, I think we always should have taxed cheques. However, two years ago the house in its wisdom decided to exempt cheques below five dollars. We have come to a point where we have to seek every reasonable opportunity for revenue, and that is why we are taxing cheques below five dollars.

Mr. HOWARD: That may be quite true, but it does not change the position I take. It may be that the banks would be unfairly treated by having to pay double taxation, but, on the other hand, it would bring in revenue. I have no objection to this exemption but the fact remains that in the very next resolution a tax is placed upon the smaller cheques.

Mr. RHODES: We have increased the taxes paid by the banks very substantially in this very budget.

Mr. HOWARD: Don't you think you should?

Mr. RHODES: I suppose the banks should be taxed all that they reasonably can stand but my hon. friend will realize that they have had to reduce their dividends because their earnings have fallen off.

Mr. BEAUBIEN: Is the double taxation on the bank any more unfair than an individual having to pay an income tax to the federal government and then having to pay another one to the provincial government? In some provinces they tax all wages.

Mr. RHODES: That is a different taxing authority. As a matter of international comity the principle has been recognized for a considerable time that an income tax payer in one country will be granted an allowance for the tax he has paid upon the portion of income taxed in another country. That principle applies as between Canada and the United States and between Canada and Great Britain.

Mr. POWER: There may be double taxation in this case because the man will be paying a tax on his monthly pay cheque and then paying income tax at the end of the year.

Mr. EULER: I am glad to hear the Minister of Finance express disapproval of double taxation. I quite agree with his statement that provincial or municipal and federal income taxes are separate things. Perhaps there is not much to be said about them except that these different authorities ought to get together and decide upon having just one income tax. However, I think the minister is quite wrong when he gives the impression that this government and previous governments have not imposed double taxes.

Mr. RHODES: I never said that.

Mr. EULER: I shall not discuss this matter now because it will come up when we deal with the income tax. I think there is only one thing to recommend the statement by the minister that all cheques should be taxed and that is that it presents an easy way of getting money. Ordinarily taxes are collected for some service rendered, but this tax does not come under that heading.

Mr. RHODES: It is revenue.

Mr. EULER: It is revenue, and nothing else. As a matter of fact this is a tax upon the poor fellow who has to pay the money. The man who is getting the money should be taxed. The minister may claim that this tax is necessary in order to obtain money but I consider it one of the most vicious forms of taxation. It is not only a nuisance tax but it is an unjust tax because nothing is given for it.

Mr. REID: As the cheques paid to dairymen are exempted from this taxation, I appeal to the minister to exempt also the cheques paid to poultrymen. In many provinces those who keep chickens are just simply keeping a few hens, so to speak, but in the province of British Columbia chicken-raising is a highly commercialized industry. The economic condition of the poultryman in that province is even more severe than that of the dairyman. A poultryman will receive perhaps eight small cheques per month, probably totalling not more than $20. The eggs are lifted once a day or twice a week, when a receipt is given accompanied by a small interim cheque for $2 or $3. When the eggs are candled, the cheque in final payment is sent to the poultryman. The poultryman receives a greater number of small cheques than the dairyman, and I appeal to the minister to exempt these cheques from the tax.

Mr. RHODES: I have every sympathy with the poultryman but we are not prepared to make further exception, although they may be worthy of consideration.

Mr. REID: Why the dairymen?

Mr. RHODES: Because of a peculiar practice which has obtained in the payment of

their accounts. Perhaps it might be better not to have any exception, but that is another matter. Once we begin to make further exceptions, the door will be opened and we will never be able to get it closed. The object we had in mind in imposing this tax was the obtaining of additional revenue. I am sure that if the poultrymen of British Columbia exercise the same mental adroitness as the hon. member for New Westminster, they will be able to devise a method which will permit them to carry on their business without paying too much in this form of taxation.

Mr. REID: When you single out a certain class and give them exemptions, it is only natural that others in like circumstances will object. I have received many complaints from poultrymen and organizations. If every cheque was taxed I doubt if these complaints would have been made. I think a fuller explanation is required as to why the dairymen have been exempted while the poultrymen, who receive so many small cheques, should have to pay this tax.

Mr. MARCIL: I would like to call the attention of the minister to the fact that in Quebec we have a large number of farmers' cooperative banks, called caisses populaires, that are run by the farmers themselves. Though I am glad to know the dairymen are exempt from the payment of tax on these small cheques, I would like to call the minister's attention to these caisses populaires, farmers' cooperative banks. Are they also to be obliged to put a stamp on each cheque, because they deal in very small amounts? These are not regular banks.

Mr. RHODES: The case presented by the hon. member for Bonaventure had not previously been brought to my attention. Offhand I would be inclined to think those cheques would not be subject to tax. I think the tax applies only to cheques on banks; I do not think under the Bank Act those are classed as banks, but I will look into the matter because it is entirely new to me.

Mr. MARCIL: I thank the minister for his answer. These banks, of course, operate under a provincial charter. They are not banks in the ordinary sense of the word; they are farmers' cooperative savings banks, caisses populaires. They are very well known; they exist in all parts of my province and are patronized solely by farmers, I think they should be exempt.

Paragraph agreed to.

3. That section seventy of the said act, as enacted by chapter fifty-four of the statutes of 1931, be amended by providing that the stamp tax on postal notes shall be at the rate of three cents.

Paragraph agreed to.

4. That section fifty-eight of the said act, as enacted by chapter forty-three of the statutes of 1930, be amended by adding thereto and making liable to the excise tax on sale, transfer or assignment of stocks, bonds, etc., the following:—

Any participating interest in the operations or profits of any association, company, or corporation, represented by certificates, documents, or other instruments of title capable of being sold, transferred or assigned, including mineral deeds, oil royalties, and fixed investment trust shares issued by a trustee and representing equitable ownership in deposited securities.

Paragraph agreed to.

5. That section seventy-six of the said act be amended by providing that when matches are put up in packages containing less than twenty-one matches each the tax shall be payable at the rate of three-twentieths of one cent per package instead of at the rate of three-sixteenths of one cent.

Mr. MARCIL: Does this apply to domestic as well as to imported matches?

Mr. RHODES: Yes, it applies to all matches. Of course the committee understands that this is a special provision for the small paper folders of matches, the vest pocket match. It is making the tax comparable to the content match tax on the box matches.

Paragraph agreed to.

6. That part X of the said act be amended by adding thereto the following as section 77(a):—

77(a). Except as hereinafter provided, every manufacturer and every importer of cigarette papers in packets shall affix to every packet of cigarette papers manufactured by him or imported into Canada, an adhesive or other stamp of the value of 2 cents for each 100 leaves or fraction of 100 leaves contained in such packet.

2. Except as hereinafter provided, every manufacturer and every importer of cigarette paper tubes shall affix to every package of cigarette paper tubes manufactured by him or imported by him into Canada, an adhesive or other stamp of the value of 5 cents for each 50 cigarette paper tubes or fraction of 50 cigarette paper tubes contained in such package.

3. No manufacturer or importer shall sell or import cigarette papers or cigarette paper tubes unless they are in packets or packages.

4. It shall not be necessary to affix an adhesive or other stamp to packets of cigarette papers or packages of cigarette paper tubes manufactured in Canada for export out of Canada when they are manufactured and exported under regulations made under the provisions of this act.

5. When cigarette papers in packets or cigarette paper tubes in packages are imported into Canada, the adhesive or other stamp shall be affixed to the packets or packages while they are in the custody of the proper customs officers.

6. The provisions of this section shall not apply to cigarette papers or cigarette paper tubes sold to, or manufactured by, or imported by, a manufacturer licensed to manufacture cigarettes, who employs such cigarette papers or cigarette paper tubes in the manufacture of cigarettes subject to the provisions of the Excise Act.

Mr. RHODES: I have an amendment to move to this resolution:

That paragraph 6 of the resolution to amend the Special War Revenue Act, introduced on March 21, 1933, be amended by striking out of the fourth line of subsection 2 of proposed section 77a the figure "5" and substituting therefor the figure "4," and by striking out of the fourth and fifth lines of said subsection 2 the figure "50" and substituting therefor the figure "100" in both places.

In a few words, the amendment means that the tax instead of five cents for each fifty cigarette paper tubes will be four cents for 100 cigarette paper tubes. That is to say, the leaves will be taxed at the rate of twenty cents per 1,000 and the tubes at the rate of forty cents per 1,000.

Mr. POWER: Is that an increase or a decrease?

Mr. RHODES: A decrease.

Mr. POWER: From the originally proposed tax?

Mr. RHODES: Yes.

Mr. HOWARD: Will that permit the industry in Montreal, which closed its doors after the change, to open again?

Mr. RHODES: I am not disposed to take exception to the manner in which my hon. friend put his question. The industry in Montreal may have closed its doors after the tax was imposed; whether that is due to the tax itself or not is open to debate, but it was felt that perhaps the rate as originally imposed was too high and I think it was. Certainly, the relative tax as between the leaves and the tubes was not properly balanced. Now we have them in the exact proportion that they ought to have, as I understand the matter, and in the same relative proportion that obtains in the United States, that is to say, twice as much upon the tube as upon the sheet. This will mean that the man who "rolls his own" will pay a small tax, but nothing comparable to the amount of tax which is paid upon the manufactured cigarette.

[Mr. Rhodes.]

Mr. HOWARD: Under the proposed legislation before the amendment was made, is the Minister of Finance cognizant of the change this actually brought about? I say this for this reason: the other night the hon. member for Compton, speaking in the house, stated that he was satisfied with this budget because those who were best able to pay would be taxed. I take strong exception to that statement. I do not happen to be a smoker of cigarettes, but I know what has happened. A little while ago this government reduced the excise tax on package cigarettes by five cents. The price of cigarettes in the package dropped five cents; in other words, it dropped from twenty-five cents to twenty cents a package. But after all a package of cigarettes on a pound basis is a pretty expensive smoke. Consequently, the poorer people, those who cannot afford to purchase cigarettes in packages, have two methods open to them. One is "roll your own," and the other is possibly the least known, the using of tubes. You may buy tubes in two qualities. For ten cents you could buy 500 tubes manufactured in Montreal or you might purchase a better grade at fifteen cents for 500 tubes. After this tax was imposed, the price of tubes increased to 50 cents for 500 tubes and for the better class 60 cents for 500 tubes, and as a matter of fact the company stopped operating.

I am pleased at the proposed reduction but it is a pretty hard way to apply a tax when you reduce the taxes, which will favour possibly only two immense trusts in Canada and you tax the man who wants to economize or who cannot afford to smoke cigarettes in any other way, that is, the man who buys his cigarette paper and "rolls his own," or the man who buys 500 tubes, sits down at home and puts his tobacco into them in order that he may afford to smoke cigarettes the same as the other fellow.

Mr. RHODES: The lowering of the tax upon manufactured cigarettes did not take effect for the purpose of benefit which might accrue to the large cigarette manufacturing establishments. My hon. friend may not have been in the house at the time, but if he will look up the records he will find that a very distinguished predecessor of mine imposed very heavy taxation on cigarettes and it was demonstrated to him within a very short period of time that the larger tax brought far less return than had the lower one.

Mr. HOWARD: As in every case.

Mr. RHODES: Not necessarily. A tax may be too low, that is dealing with it purely from a revenue viewpoint, but there comes a point

beyond which you will get less revenue than you will at the lower figure. It was our belief that we had taxed cigarettes to the point where we were getting a lower yield. It is too soon yet to know and we are operating in times which are not normal, so we cannot measure by normal standards what the yield is, but it is our belief that under the lower cigarette duty we shall get a higher yield to the treasury than obtained under the higher rate.

Coming to the question of the unfairness of taxing the man who "rolls his own," even after these taxes are imposed he will be able to have his cigarettes for just a trifle over one-half of the cost of them to the man who purchases the manufactured cigarettes. There is nothing comparable in the amount of return to the treasury as between the tax imposed upon the man who "rolls his own" and the man who buys his cigarettes. This principle has been recognized as fair. It would be manifestly unfair that the cigarette which pays a large return to the treasury should be diminished in its use because of permission to the smoker who rolls his own to purchase without the payment of a tax. In the United States they have resorted to this form of taxation. It is hardly necessary for me to say to my hon. friend that our only reason for imposing this tax is the need for revenue. We are certainly not imposing it, nor have we imposed any others, because we expect thereby to add to our popularity as a government.

Mr. HOWARD: I am exceedingly pleased with the explanation which the minister has given. Following up that same line of argument the Finance minister will find that following the two or three budgets preceding this one, not only was the revenue diminished but it dropped practically to nothing due to the extremely high tariffs imposed by those budgets. The Minister of Finance admits that that is the case and that if you reduce the tax to the large concerns it will lessen the cost of cigarettes, and naturally increase the revenue. The Finance minister must admit that one of the reasons for the decreased general revenue is that the tariffs have been carried too high. I admit that that is not the only reason because business has been falling off and there has been a lessening of purchasing power. I am not objecting to this particular tax from the revenue standpoint, but I do not think you should put so heavy a tax on the poor man. The Finance minister admits by bringing in this amendment that the tax was too high in the first place. He has reduced it a little, which I approve of, but I do not think he should tax the fellow who is willing to do his own cigarette manufacturing to help himself along. When the five cent excise tax was removed from the package of cigarettes the consumption of cigarettes increased for a little while and all the newspapers of the country broadcast what a wonderful thing had been done in that way in increasing the consumption of cigarettes; but if you will look at the papers for the last two or three weeks you will see that the consumption of cigarettes has decreased enormously and possibly the results have not been what the minister expected. Now on top of that you impose this immense tax on the home-made cigarette. I object to the tax because it is taxing the wrong people. It is following exactly the opposite policy enunciated in speeches made on the other side of the house that this budget was taxing those best able to pay.

Mr. RHODES: To the earlier remark of my hon. friend I take no exception, but he must remember this, that there may be two objects in mind with respect to tariffs; one may be revenue, the other protection, or a combination of both, which is an entirely different matter from the question of raising revenue qua revenue. My hon. friend speaks, and I do not find fault with him for doing so, on behalf of the poor man who rolls his own, but even after this tax is imposed the man who rolls his own will pay $3.40 per thousand less to the treasury than the man who buys manufactured cigarettes, so he still has a very wide margin as compared with the man who buys the manufactured cigarette and who will have to pay one cent apiece.

Mr. HOWARD: For that I am truly thankful, and I am sorry the minister did not go further. The figures which he quoted on a previous item go to show that excessive taxation or high protection cause not only a loss of revenue but an enormous decrease in employment. I shall not read the figures which the minister gave, but that is very important. My objection is not from the revenue standpoint because I realize that we have to have revenue, but I object to taxing the man who is least able to pay.

Mr. MARCIL: I am sorry I was not here when the minister gave his explanation regarding stamps on cheques. I presume that the method now followed whereby one is able to use a postage stamp on a cheque will be continued.

Mr. RHODES: Yes.

Mr. MARCIL: Has any separate account been kept of the postage stamps used in that

way for excise purposes? The postal service is of universal use, and we are all interested in getting as cheap postage as possible, and if the revenues of the Post Office Department are increased by the use of postage stamps on cheques, it would be a good thing for us to know just what amount that represents.

Mr. RHODES: There is no possibility of making a return of that.

Mr. BROWN: Could not the banks do it?

Mr. RHODES: If the banks could be called upon to go through the mass of accounting, looking over millions of cheques, it could be done, but the task would be enormous. That of course raises the whole question. I say quite frankly to the committee that if I were imposing that tax as a new tax I would certainly insist upon a specific revenue stamp being used, and the postage stamp not being used, largely for the purpose of earmarking the amount and volume and incidence of the tax. But it is quite another thing when the public have become accustomed for a number of years to the use of a postage stamp. They would regard it as a real grievance now if such a change were to be made, and for this reason it was felt that it would be unwise to make it. There is no possible means of our knowing just what the proportion is, but of course to the extent that postage stamps are used, to that extent the revenue of the post office is augmented.

Mr. ELLIOTT: I wonder if the minister could tell the committee what the estimate of the department is of the revenue to be derived from the stamp tax on cheques of five dollars and under.

Mr. RHODES: We have not an exact estimate, and one of the reasons why it is difficult to find out exactly is because of the very condition referred to by my hon. friend from Bonaventure, that a proportion of the stamps used are postage stamps.

Mr. ELLIOTT: Following up what my hon. friend from Bonaventure has said, I think it is important that the government should know how much money they get in from that tax. I am not objecting to the tax, although I had hoped that the government would not find it necessary to continue it, but I do think that at the end of the year we should be able to know how much has been derived from it so that we can judge whether or not the nuisance that is created by it is compensated for by the revenue derived. I would like to know from the minister whether that could be checked so that when we come back next year we shall be able to see how much the tax has brought in. It may have an important bearing on the question whether the tax should be continued.

Mr. RHODES: I am sorry I have not segregated figures of the estimates of the department relating to that tax. The figure given to me as the yield of the tax from stamps on cheques, drafts, promissory notes and stock transfers—for the same stamp is used for all purposes—is $2,000,000.

Mr. ELLIOTT: The minister has no idea as to the proportions—

Mr. RHODES: I have not the faintest.

Mr. MARCIL: The excise department must know exactly the number of stamps they have issued. By deducting that number from the total amount used we would know approximately the number of post office stamps used. If he could ascertain exactly what part of the revenue could be credited to the Post Office Department, the house would be in a better position to appreciate the situation.

Mr. RHODES: It is unfortunate we are not using a specific stamp for this purpose. If we did we would be able to tell to the exact cent the amount of revenue received.

Mr. STEWART (Edmonton): I hope this bombardment will not induce the minister to issue excise stamps. It is very handy to be able to affix a postage stamp to a small document. If we must affix stamps, for heaven's sake let us use postage stamps, rather than have to go here and there looking for excise stamps. Even if we cannot trace the exact revenue to each department, my hope is that we will be allowed to use postage stamps.

Mr. MACKENZIE (Assiniboia): The minister has proposed an amendment to subsection 2. I was wondering if the two cents per hundred on cigarette papers is actually an increase, or is it practically the same as it has been before?

Mr. RHODES: This is entirely a new provision.

Amendment agreed to.

Paragraph 6 as amended agreed to.

7. That subsection two of section eighty-six of the said act be amended by adding thereto the following proviso:

Provided that if a licenced wholesaler sells goods to another licenced wholesaler at a price less than the value upon which the tax is to be computed under paragraph (c) of the last preceding subsection, the vendor shall forthwith become liable to pay the tax upon the difference between such value and his sale price.

Paragraph agreed to.

8. That schedule I to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:

(i) Articles, materials or preparations of whatever composition or in whatever form, commonly or commercially known as toilet articles, preparations or cosmetics which are intended for use or application for toilet purposes, or for use in connection with the care of the human body, including the hair, nails, eyes, teeth or any other part or parts thereof, whether for cleansing, deodorizing, beautifying, preserving or restoring, and to include toilet soaps, antiseptics, bleaches, depilatories, perfumes, scents and similar preparations, 10 per cent.

(ii) Tires of rubber, including inner tubes, for automotive vehicles of all kinds including trailers or other wheeled attachments used in connection with any of the said vehicles, 5 per cent.

Mr. POWER: Does that include all soaps?

Mr. RHODES: I have an amendment to move.

Mr. HOWARD: It is a tax on cleanliness.

Mr. RHODES: I move:

That paragraph 8 of the resolution to amend the Special War Revenue Act be amended as follows:

1. By striking out the words "toilet soaps" in line 7 of subparagraph (i) and substituting therefor the words "shaving soaps and shaving creams";

2. By adding the following paragraph:

"Toilet soaps not to include shaving soaps or shaving creams, 5 per cent."

This amendment means that we will reduce the tax on toilet soaps.

Mr. POWER: Yesterday the minister gave us a lecture on the efficiency of a new shaving machine which he had introduced to the country. Now he will not let us use shaving soap.

Mr. STEWART (Edmonton): Do it without soap.

Mr. POWER: I am afraid the minister is not consistent.

Mr. ELLIOTT: Is the measure intended to discourage shaving?

Mr. RHODES: I hope shaving soaps will be used in increasingly large quantities, because as they are used so shall the revenue be.

Amendment agreed to.

Mr. RHODES: I have an amendment to subsection (ii) of paragraph 8, the effect of which will be to put the tax upon a poundage rather than a percentage basis. It is felt that that is a fairer method of estimating the tax. It will be less subject to evasions, and will apply with greater equality. The method proposed is that used in the United States. By experience they have found it preferable to have the tax upon the poundage rather than upon the percentage basis. The only difference is that the tax we propose is smaller than that obtaining in the United States. I move in amendment:

That paragraph 8 of the resolution to amend the Special War Revenue Act, introduced on March 21, 1933, be amended by striking out subparagraph (ii) thereof, and that paragraph 9 of the said resolution be amended by adding thereto the following as subparagraph (v) thereof:—

"(v) Tires in whole or in part of rubber for automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said vehicles, per pound, 2 cents.

Inner tubes for use in any such tires, per pound, 3 cents."

The respective rates obtaining in the United States are 2¼ cents and 4 cents. We propose a 3 cent tax on inner tubes, whereas that in the United States is 4 cents.

Mr. EULER: Are these specific rates proportionate to the ad valorem rate of five per cent which is being displaced?

Mr. RHODES: It is as near the five per cent yield as it is posssible to make it, upon the poundage basis.

Mr. STEWART (Edmonton): Is the minister sure the change will not increase the tax on the cheaper grades of tires? I am afraid the higher priced tubes and tires will receive the advantage.

Mr. RHODES: I understand the determining factor in the United States was that with the tax placed upon an ad valorem basis certain individuals and companies tend to minimize the sizes of their invoices.

Mr. EULER: That is a very nice way of putting it.

Mr. RHODES: Yes, that is a nice way of describing that which in effect is a deliberate attempt in certain quarters to avoid paying a full tax.

Mr. POWER: Rubber dealers may have an elastic conscience.

Mr. RHODES: The advantage cannot be taken when the poundage basis is used. For purposes of revenue collection we are not placed in the hands of unscrupulous corporations or companies. I am not suggesting that any company has been unscrupulous but I say there have been opportunities to evade the tax.

Mr. EULER: You do not want too much elasticity in connection with taxes on rubber tires.

Mr. RHODES: I am told the average weight of a Chevrolet tube is three pounds, the tax would therefore be 9 cents.

Mr. POWER: What is the weight of a Chevrolet tire—the casing?

Mr. RHODES: The casing weighs 20 pounds, so the tax would be 40 cents.

Mr. POWER: And how about a larger car, a Packard?

Mr. RHODES: I have the complete classification here if you wish me to read it.

Mr. POWER: Never mind; I withdraw the question.

Mr. NEILL: I did not catch the words of the minister. Is he sure this will not apply to bicycle tires? I thought I heard the words "wheeled vehicles."

Mr. RHODES: No, I think the word "automotive" is the governing word.

Mr. NEILL: The amendment has not been read yet.

The CHAIRMAN: It is moved by Mr. Manion that paragraph 8 of the resolution to amend the Special War Revenue Act, introduced on March 21, 1933, be amended by striking out subparagraph (ii) thereof, and that paragraph 9 of the said resolution be amended by adding thereto the following as subparagraph (v) thereof:

(v) Tires in whole or in part of rubber for automotive vehicles of all kinds, including trailers or other wheeled attachments used in connection with any of the said vehicles, per pound, 2 cents.

Inner tubes for use in any such tires, per pound, 3 cents.

Amendment agreed to.

Paragraph as amended agreed to.

9. That schedule II to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:—

(i) Sugar, as enumerated in customs tariff item No. 134, 2 cents per pound.

(ii) Unfermented wort (sweet wort), 25 cents per gallon.

(iii) Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer, 50 cents per pound.

Mr. RHODES: There is an amendment to be moved to this paragraph, and I think perhaps it will facilitate discussion if it is presented at once, so that the item may be considered in the light of the amendment. The amendment will read as follows:

1. By striking out subparagraphs (i), (ii) and (iii) and substituting therefor the following:—

"(i) Materials enumerated in customs tariff items 134, 135, 135a, 135b, 139 (except glucose and grape sugar), 140 (except molasses); invert sugar and syrup, two cents per pound;

(ii) Glucose and grape sugar, one cent per pound;

(iii) Unfermented wort (sweet wort) suitable for the brewing of beer, ten cents per gallon;

(iv) Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product suitable for the brewing of beer, twenty cents per pound."

2. That any enactment founded on the provisions of subparagraph (i) (except with reference to materials enumerated in customs tariff item 134) and of subparagraph (ii) shall be deemed to have come into force on the 26th day of April, 1933, and to have applied to all goods imported or taken out of warehouse for consumption on and after that date, and to have applied to goods previously imported for which no entry for consumption was made before that date.

Mr. MARCIL: May I ask if maple sugar will be taxed?

Mr. RHODES: No.

Mr. HOWARD: Is granulated sugar, the kind used ordinarily, still taxed at the rate of 2 cents per pound?

Mr. RHODES: Yes, the tax is maintained at 2 cents per pound.

Mr. HOWARD: And that tax is to take effect as from to-day?

Mr. RHODES: No, that tax came in on the 21st day of March.

Mr. ELLIOTT: Do I understand that the rate under 9 (i) is not changed from 2 cents per pound?

Mr. RHODES: We are taxing glucose now.

Mr. ELLIOTT: But sugar is left as it was?

Mr. RHODES: Yes.

Mr. ELLIOTT: Will the minister tell us what was the idea of leaving that tax of 2 cents and reducing the tax from 50 cents to 20 cents per pound on malt syrup, malt syrup powder, extract of malt or other malt products suitable for the brewing of beer?

Mr. RHODES: That has no relation to sugar; I do not quite understand my hon. friend's question. Malt syrup sold, and I think still sells, at 20 cents a pound. The tax brought down in the budget was 50 cents per pound, which increased the price to the

point where it was excessively burdensome to those who had been accustomed to the use of malt syrup; in fact the assertion was made that it was prohibitive. There is a school of thought which believes that it would be a good thing if this tax were made prohibitive; I have had many representations of that character. On the other hand there is a school of thought which believes that because it has not been taxed hitherto it should continue to be tax free. We have steered what I hope will be a reasonably fair middle course between those two extreme points of view. I may say that I received several deputations representing all shades of business and social activity having association with the manufacture and use of the ingredients which go into home brew.

Mr. EULER: Were the brewers among them?

Mr. POWER: Were the consumers listened to?

Mr. RHODES: Yes, from the earnestness with which many of the representations were made to me I took it that the gentlemen making them were reverential consumers. I may point out that in the opinion of the officials of the excise department two pounds of malt syrup would make four gallons of beer.

Mr. MITCHELL: They do not know what they are talking about.

Mr. RHODES: Perhaps my hon. friend will be patient for a moment. Those who are in business manufacturing and selling these products told me that this amount would make a rather thin beer, but they did say that you could safely figure on three and a half gallons from two pounds of malt syrup. Naturally they were pleading for their cause, so I thought that by splitting the difference between the two points of view I would come to a fairly accurate result. But taking the figure as given to me by those who manufacture and sell the ingredients for home brew, this is how it works out. A gallon of home brew beer will cost 22·9 cents after all costs are paid, ingredients and tax; whereas to-day the brewer pays to the federal treasury alone 26 cents per gallon. In other words, the man who makes home brew and pays the tax proposed in the amendment will be actually getting his beer per gallon at a cost to him of 3 1/10 cents less per gallon than the brewer pays in taxation to the dominion treasury alone.

Mr. YOUNG: Is that to encourage home industry?

Mr. RHODES: I know my hon. friend's levity, but we must bear this in mind, that there are hundreds of thousands, I am safe in saying, certainly between one and two hundred thousand people in Canada who have been in the habit of making home brew.

An hon. MEMBER: Two hundred thousand in Ontario alone.

Mr. RHODES: I am glad to see that I am under rather than over the mark. Through the years this has become an established practice and naturally to such people this tax will come as more or less a burden. But in these pressing times, when the treasury is in dire need of every penny it can reasonably secure in the form of taxation, it is felt to be only fair that inasmuch as the beer manufacturer pays an extremely heavy tax, a relatively modest tax should be paid by the consumer of home brew.

Mr. HOWARD: The first item in this schedule has been amended, but so far as granulated white sugar is concerned the tax still stands at 2 cents per pound. I want to protest in the strongest words I can use against this tax of 2 cents per pound on granulated white sugar, a commodity which perhaps is in greater demand than most any other product in Canada. At least, it has a wider distribution than any other product I know of. The tax is an enormous one, but that is not the most serious aspect of the situation; there is something else to which I wish to direct the attention of the committee, because I cannot believe that the Minister of Finance can have no knowledge at all of what I am going to disclose to-day on the floor of this house.

I was in this house a few years ago when from this side, by hon. gentlemen now opposite, an attack was made against a personal friend of mine, a minister of the crown in the Mackenzie King government, and a man who was probably as well loved as any minister has ever been in Quebec. I refer to the matter of the customs scandal and the attack made against the late Hon. George Boivin. I sat through that session and heard a two hour speech in which that gentleman was attacked, but the situation then was of minor importance compared to that which exists to-day in connection with the imposition of this sugar tax. I do not want to suggest, so far as this government is concerned, that there have been any leaks from cabinet council, because the proceedings in council are sacred. I would not suggest that any information leaked out from the cabinet so that people outside were able to discover that the tax would be imposed. But I will say that the sugar refiner-

ies in Canada, thirty days previous to the bringing down of the budget, were stocked with sugar; their storage houses were filled and other places were filled to overflowing with bags of granulated sugar, which was being absorbed very slowly by the consuming public because of the low purchasing power. Shortly before the budget was brought down, quite suddenly this sugar started to leave the refineries and warehouses, finding its way into the hands of wholesalers throughout the length and breadth of Canada, so much so that one concern in Montreal is rumoured to have taken 70,000 bags on which in twenty minutes it made a profit of $140,000. You can go to every city of Canada, to the wholesalers and the wholesale grocery men of the country, and you will find that these wholesalers were tipped off, and that carloads of sugar had been shipped to them prior to the budget.

An hon. MEMBER: Trainloads.

Mr. HOWARD: I will go further than that. The day before the budget was delivered, in the city of Montreal alone, on St. Paul street, they could not get motor trucks enough to take the sugar out of the refineries and so they hired taxicabs to haul away the commodity from the refineries to the wholesalers.

Now, when we are feeding, in my constituency, 4,000 people; when we find conditions there such as we have never known in the history of Canada; when one had come to the conclusion that owing to extraordinary overcapitalization and frenzied finance in this country our financial concerns should at least have come to their senses, one does think that the ordinary citizens of Canada, the ordinary manufacturers and the common people should have been given a chance to get on their feet again and at any rate to get three meals a day before this new profiteering should occur. But right at this moment we find one concern making a net profit in twenty minutes of over $100,000. I am not finding fault so much with the profit, but I am pointing out that this tax was put on to bring revenues into the treasury of Canada, and the poor people and the masses of this country the day after the budget came down paid $2.50 per bag more; yet the money did not find its way into the coffers of the government but into the pockets of a few.

Mr. COTNAM: Will the hon. gentleman permit a question?

Some hon. MEMBERS: Sit down.

(Mr. Howard.)

Mr. HOWARD: I am discussing this item.

Mr. COTNAM: Will the hon. gentleman name the refinery that made a profit of $100,000.

Mr. CASGRAIN: Sit down.

Mr. COTNAM: I will sit down when I am ready. He won't answer the question.

Mr. HOWARD: This matter is most serious, Mr. Chairman. The newspapers of Canada the next day stated that over $5,000,000 would go into the pockets of a few people instead of finding its way into the treasury of the country. As a matter of fact, the taxpayers are paying $2.75 a bag more to-day, and they are taking this money from sources which are practically depleted. But they must have white sugar and so they have to pay the price. But that money is not going into the treasury of Canada. I think it would be well for the government to make the tax retroactive over a period of thirty days, but there is a better suggestion I would offer. I think it is due to the people of this country that the names of those who took this sugar out of the warehouses in the manner I have described should be published in the newspapers so that the people of Canada would know who they were. Possibly in that way we could find out how the information leaked out that this government was going to place a tax of 2 cents a pound on sugar. They are taking it from the poor people and putting it into the hands of those who after all are most responsible for the crisis we are now facing. I claim that this is a worse situation than that of keeping a poor fellow out of gaol after the warrant for arrest has been issued; it is worse than asking that sentence be suspended temporarily. The government should inform this house before the close of this session as to just exactly what happened in connection with sugar and why the information got out. I do not like to impute wrong motives to people but let me say this—

An hon. MEMBER: No?

Mr. HOWARD: No, I do not; I want to be fair.

An hon. MEMBER: That is your reputation!

The CHAIRMAN: Hon. members should address the chair.

Mr. HOWARD: I know of one company in Montreal who are in the habit of buying sugar in 200 bag lots. As soon as one par-

ticular lot is disposed of they buy another batch. It happened that two days before the budget came down they placed their regular order for 200 bags of sugar. Although the refinery knew quantities of sugar were in their warehouse; they said that they could not fill the order until after a certain date, mentioning the date the budget was delivered in this house. That order for 200 bags of sugar was turned down because the refineries were oversold. Those of us who are acquainted with merchandising know that when prices are falling it is impossible to get people to buy, but once they begin to advance it is extraordinary how people will step in and buy. I do not want to make charges which cannot be substantiated but the fact remains that when this tax was placed upon sugar the natural result was that the price started to advance. It not only advanced the amount of the tax, but it went up an extra half cent per pound to cover the increased capital outlay Let us take another industry as an example. This is the way business has been done for years in the flour industry.

The CHAIRMAN: I do not think flour would be covered by this item.

Mr. McINTOSH: Forget about it.

Mr. HOWARD: I was just demonstrating my point.

Some hon. MEMBERS: Go on.

Mr. HOWARD: I will continue with sugar. When the price of sugar drops, the travellers go all over the country but find they cannot place an order. Then they go around and say that sugar is going to advance a quarter of a cent per pound and they are able to take order after order. I would not like to say that this was a scheme to clean out the stocks of sugar and put them in the hands of the consumer but when the revenues of this country have been robbed of hundreds of thousands of dollars, I think it is the duty of the Minister of Finance either to make the tax retroactive for thirty days or investigate this matter most fully. This investigation should not be carried on by a commission—we have had plenty of commissions—it should be conducted by the members of this house or the members of this government. We should be informed exactly as to what happened in connection with this tax. When the people who can ill afford to pay a tax have to pay a tax on sugar, they want to be able to feel sure that the money goes into the coffers of the government.

Mr. RHODES: Mr. Chairman, I do not know that I can complain at the castigation that the hon. member for Sherbrooke (Mr. Howard) has given to certain interests in this country who were no doubt able to reap a profit as a result of the tax imposed upon sugar. Even in the case of the very best intentioned individual, a situation might arise where he would have in his possession a commodity upon which a tax had been imposed.

As far as the question of a leak is concerned, I may say that I have been at pains to make as careful an inquiry as I possibly could. I have yet to find the faintest shade, shadow or scintilla of evidence that there was anything in the nature of a leak. My hon. friend smiles, but let me give him my side of the story. Let me say to him, to any hon. member of this committee or to any person in this country, that I will welcome any information which will be kept in the utmost confidence which will put me upon the trail of any evidence to show that there was a leak with respect to the tax upon sugar. If hon. members will recall the press notices they will remember that for days prior to the budget there were all kinds of speculation as to this, that, and the other tax. Sugar was mentioned in the press several days before the government had decided to put a tax upon that commodity. I canvassed this matter within myself, if I may use that expression, for days and days and I broached it only to the officials of the department whose integrity and honour are beyond question. The matter was not mentioned even to my colleagues until a very short time before the date of the budget and the question of the rate was not determined until a few hours before the budget. I refuse to believe that there was a leak. There is no doubt there was shrewd guessing because the country realized that we were sorely put to it to secure additional revenue in an endeavour to balance our budget upon current account. The best evidence of this that I can give to the committee is a transaction which came to my notice. At the same time the press was forecasting a tax upon sugar, it forecast a tax upon tea and coffee.

An hon. MEMBER: Nobody loaded up with those.

Mr. RHODES: My hon. friend is entirely mistaken. I have positive evidence of one firm in the city of Winnipeg that borrowed $18,000 from the bank in order to take tea and coffee out of bond in the belief that they would be able to reap the same benefit as did those

who had sugar in their possession. But they lost. There are dozens and dozens of cases like that throughout the country. My hon. friend shakes his head, but I know whereof I speak.

An hon. MEMBER: They did not lose anything.

Mr. RHODES: They did lose. They did not reap their expectations and they lost to the extent of the carrying charges and the interest on the $18,000 borrowed from the bank. They also have tea and coffee upon their hands which they cannot dispose of. They are actually a substantial sum of money out of pocket. I make reference to this in order to show that the same practice obtained with respect to tea and coffee.

Mr. GRAY: Not to the same extent.

Mr. RHODES: The hon. member may know all about it but perhaps he will give me the right of expressing my view. I hope that is not too much to expect. I have discussed this matter with officials in other countries and it has been the subject of discussion in Great Britain for years. That is as to whether a method could be devised which could prevent forestalling, and with all their shrewdness, ingenuity and experience as administrators, the people of the mother country have had to admit that there is no way whereby they can prevent this.

Let me say to the hon. member for Sherbrooke and the committee that there were many business men of integrity who had no idea of loading up with sugar for the purpose of evading the payment of a tax or of making a profit. My hon. friend smiles. I am not suggesting that there were not many who did so load up, but there were in this country honest men, good intentioned citizens who did not. I make that statement merely to lead up to this: I know of my experience in this city of housewives who, having read in the press that there was going to be a tax on sugar, went down to their grocers and ordered in lots of 100, 200 and as high as 300 pounds in individual cases of which I am aware. That being so, I have, I think, every right fairly to assume that if that obtained in Ottawa, it obtained throughout Canada and as a result of that, the multiplicity of those orders made for a market stimulation in orders upon the wholesaler and by him in turn upon the sugar refiner, so that that was a contributing factor, although I do not intend to assert to how large an extent it applied.

Mr. SANDERSON: Will my hon. friend permit a question?

[Mr. Rhodes.]

Mr. RHODES: I am speaking without notes and I would like first to express one or two ideas. If my hon. friend does not mind, I would be glad if he would submit his question later.

Another factor which must be borne in mind is a fact which can be verified by access to the records. The hon. member for Sherbrooke says that when the price is going down, people do not buy, but when it is going up, they do. If my hon. friend will look at the records, he will find that there was an increase of ten cents a hundred pounds in the price of raw sugar just a few hours before the budget was delivered. That increase had the same effect my hon. friend said it would have; when raw sugar went up, people immediately rushed to buy the granulated. That is the invariable practice in the sugar business and it so chanced that that is exactly what happened; my word need not be taken for it; the records will dislcose it to have been the case. But let me say this to my hon. friend and to the committee; if any method can be devised which will enable the government to put into the treasury money which ought properly to go there, I would welcome suggestions along that line.

The hon. member has spoken of the amount of loss. If we bear in mind the situation of which I spoke, of the stimulation in the purchase of sugar by the acceleration of orders through the retailers and wholesalers, owing to the attitude of the housewife alone, and the accumulation of those various factors, after very careful investigation and computation on the part of the Department of National Revenue, the estimate which they make is that the net loss of revenue to the treasury is ten per cent. In other words, if the yield from the sugar tax were to be $20,000,000, which is a larger figure than was anticipated, the net loss to the treasury would be $2,000,000. But my hon. friend must also bear this in mind; if a method could be devised which would enable the treasury to go out and secure that two cents per pound tax, some day—and I hope soon—the sugar tax will come off. When it does, the treasury must be prepared to hand two cents to everybody in the country who has a pound of sugar in his possession. There is no question that when the tax comes off, those who still continue in the business will make their contribution to the extent of their stocks on hand; that is the invariable experience. It is true there is never an exact balance, but

there is no doubt that there will be a compensating feature through the situation when the tax comes off.

The government, in imposing this tax, was under no illusion that it was going to add to its popularity.

Mr. FACTOR: Why did you do it?

Mr. RHODES: Because we had a full sense of appreciation of our duty to the people of this country including the very people who complain about the two cent tax. If the credit of Canada were impaired as a result of the negligence of the government in properly administering the finances of the country, the cost to the people ultimately would be far greater than two cents a pound on sugar.

Mr. FACTOR: Why place the tax on the poor fellow all the time?

Mr. RHODES: The tax was imposed, as the committee well knows, solely because of the dire necessity for revenue. It may be a new experience to certain people in this country that a revenue tax of this character should be imposed, but it is not new in other countries. In the mother country for many years they have had similar taxes on many commodities, and the people have paid them, perhaps grudgingly in many instances, knowing the treasury had to have the revenue. But it must be borne in mind that even with the price of sugar as it is to-day and with the tax added, the householder can purchase sugar at a far lower price than the average which has ruled over the last twenty years.

An hon. MEMBER: But these are times of depression.

Mr. RHODES: I quite appreciate that; we all realize it, and I might counter by sayinng that if it were not for the conditions in which we live, we would not be imposing a sugar tax. We are living in an unusual period in the world's history and we must resort in some instances to unusual methods to attempt to cope with conditions. It is sad that at a period when the government has to tax most, the people are least in a position to pay. That is one of the very regrettable features; nobody deplores this more than I do, but we would be doing a disservice to the people if we did not protect the financial credit of the country through taxation.

Mr. REID: But we should not protect the profiteers.

Mr. RHODES: I agree with my hon. friend, and if there were any method by which we could get at the profiteers, I would be the first to say that we should do so.

Mr. MUNN: At what time did the tax become effective on granulated sugar?

Mr. RHODES: At midnight on March 21.

Mr. MUNN: Will the minister take the case—

Mr. RHODES: Will my hon. friend wait a moment until after I have made the few remarks which I am making without notes?

Mr. MUNN: I beg pardon; I thought the minister had finished.

Mr. RHODES: If I may make a personal reference, I am suffering with a rather severe headache to-day and I am trying to make just what few remarks I have to make. After that, I shall not object to any questions.

The average price of sugar over the period of the last twenty years is 9·2 cents per pound.

Mr. DUFF: Wholesale or retail?

Mr. RHODES: That is the retail price. That is the average over the whole of each year for the whole of the twenty years. The best evidence of the accuracy of these figures, which I may say are compiled by the Dominion Bureau of Statistics, is found in the fact that the highest price quoted for sugar is 19·7 in 1920. That was the average for that year, but as a matter of fact it is within the knowledge of hon. members present that sugar that year at one period was as high as twenty-five cents per pound, in fact, in one case I think it went up to twenty-six cents. It might be interesting to have these figures before the committee:

Retail Price of Sugar

(Averaged by months for the whole of Canada)

Year—	Cents per pound
1913	5.9
1914	6.4
1915	7.9
1916	9.0
1917	10.0
1918	11.2
1919	12.3
1920	19.7
1921	11.4
1922	8.7
1923	11.7
1924	10.9
1925	8.5
1926	7.8
1927	8.3
1928	7.9
1929	7.3
1930	6.8
1931	6.2
1932	5.9
1933	5.7*

*(First three months.)

Mr. DUFF: What is the price now?

Mr. RHODES: I am unable to give my hon. friend an accurate answer, but three or four days ago I observed in a paper published in the constituency of my hon. friend from Hants-Kings, the Windsor Tribune, that in Newport in that county sugar was selling at ten pounds for 65 cents, and I observed that A. J. Frieman, of Ottawa, in their advertisement of April 21, were offering sugar at ten pounds for 65 cents. I am free to admit that that is probably a leader price. Let us assume that the price is 7 cents.

Mr. DUFF: In New York you can buy ten pounds for 40 cents.

Mr. RHODES: I am not suggesting that that may not be so, but I am not dealing with New York but with Canada, and with the price in Canada to-day as compared with the last twenty years. So even with the tax added, the price of sugar to-day is much less than the average prevailing price for the last twenty years. Having that in mind and having regard to the conditions, I do say that the tax ought not to be regarded as unduly burdensome. I have spoken at greater length than I had intended, and I hope hon. gentlemen will forgive me for not having answered any questions which they wished to put to me while I was on my feet, but to the best of my ability I shall endeavour to answer them as they submit them now.

Mr. SANDERSON: The minister cited the fact that householders had purchased sugar on the assumption perhaps that there would be a tax on sugar. We are not complaining about the householders. They were not going to sell sugar and make a profit out of it; it was for their own use in their own household. What we criticize is the fact that in some way or other information got out to certain people, and they purchased sugar before the tax came into effect, and reaped large profits.

My hon. friend from Sherbrooke has spoken of Montreal. There is a rumour—I do not know whether it is correct or not—which the Minister of Finance may have heard, and at least when it reaches his ears he should investigate it, that one brokerage firm in the city of Toronto by some means or other got information which they said was absolutely authentic, and on that information they went to their bankers and the result was that they purchased, not carloads, but trainloads of sugar, and it is reported that their profit was as much as $2,000,000. When I say brokerage firm, I do not mean grocery brokerage but the old-fashioned kind of brokers who used to make money when stocks were being bought and sold. I do not know whether this rumour is correct or not. Nevertheless, even if their profit was $100 instead of $2,000,000, if it was obtained through getting inside information and they purchased to avoid paying the government the tax that was due, the matter should be investigated, and if it is true these people should be prosecuted. There is no comparison between the broker or gambler or speculator who buys sugar and sells it and the householder who buys a few pounds of sugar for use in her own home. I say in all seriousness, and I believe the minister is serious over this and would be glad to get any information he can in regard to it, that he should search diligently to find the source of the leak. For the good of the tax-payers of this country the minister should not let this question rest with this debate, but he should get busy and get his officials busy and try to get some authentic information. I think he will find that the rumours in some degree are correct.

Mr. RHODES: My hon. friend must not think that when I made reference to the individual householder I was for one moment suggesting that there was anything wrong in what that householder did, nor was I complaining in the slightest degree. If my hon. friend had followed me he would have realized that I merely referred to that incident for one purpose and one purpose only. I said that the multiplication of these cases would account for a substantial part of the accelerated movement of sugar prior to the imposition of the tax, and I think that is a fair assumption. I am not complaining of that at all, nor do I complain at the castigation which my hon. friend would give anybody who would profiteer under those conditions at the expense of the people of this country and of the treasury. I have not heard of the incident referred to by my hon. friend. I welcome any information that could be given to me. I may say to him that the officials of the Department of National Revenue have made a check-up in every refinery in Canada and there is absolutely no evidence upon the records of business that any such transaction did take place or could have taken place because the sales were

all made to the usual customers and the usual dealers who are purchasers of sugar, and unless one of these had become a party to a transaction of that character there could be no truth in the statement. Certainly there could be no truth in the statement so far as the magnitude of the transaction mentioned by my hon. friend is concerned. I hope that my hon. friend will not for one moment think that we want to fold our arms peacefully and say that this incident is closed—not at all. I am very sincerely desirous, naturally as Minister of Finance, apart from any other consideration, because of the loss to the treasury that the treasury should be recouped to the last farthing if possible. But a pious desire to do so and a method of doing so without doing injustice is another thing. You cannot follow a pound of sugar very well after it has left—

Mr. SANDERSON: The minister might follow a trainload.

Mr. RHODES: The figures which I gave before to the committee are accurate. They are the result of an actual computation made from the books of the refineries themselves, that the maximum amount that could have been lost to the treasury is $2,000,000.

Mr. DUFF: That would be one million bags.

Mr. RHODES: Quite so, but my hon. friend from South Perth referred to a firm of brokers in Toronto who are said to have purchased trainloads of sugar. There was an acceleration of sugar purchases throughout the whole dominion, but there was not enough sugar loose in the land for trainloads to be put up under those conditions. I repeat that hon. gentlemen owe it as a duty to themselves, to their constituents and the country—rumour and suspicion and that sort of thing is worthless—but if they can get any evidence, which I very much doubt that there was anything in the nature of a leak I shall be glad to get it.

Mr. HOWARD: I appreciate that the Minister of Finance wants to get all the revenue he can, and that is the reason I put the facts before the committee as I did this afternoon. There are two ways in which it could be done. First of all, I think the minister will admit that if a person had been buying sugar from the refinery as he needed it in carload lots, and then all of a sudden purchased ten cars at one time there must have been something extraordinarily wrong. Those things do not just happen. There are two ways of meeting the difficulty. I have already suggested that the provision should be made retroactive for thirty days from the date of the budget. In that way the minister would not be inflicting any hardship on anybody. The householder or consumer who has purchased a bag of sugar has paid $6.50 or $6.75 a bag for it. The only person making any money is the man who either was tipped off or took exceptionally large quantities of sugar for resale. The reason I suggest the change is that it would be in the interests of the country, and provide revenue.

We have been discussing an item to-day in regard to cigarette papers and tubes, and surely the item in regard to sugar should not be allowed to stand as it is. When the banks of the United States found that through people withdrawing gold they had practically no gold left in their vaults, the President issued a statement to the effect that unless the gold were put back into the banks within a week's time he would publish the names of the people who had taken it out. What happened? The gold came back mighty quickly. Why not use this publicity method.

There are many ways of meeting the difficulty this item presents. If the treasury of Canada can get back $2,000,000 from people who had no right to make excess profits in these times, then that would be the wise thing to do, and would be a good deal better than just imposing the tax for which provision is made. I have nothing to say concerning the minister's suggestion, except that according to his figures the average price of sugar was 9·2 cents per pound, while to-day it is only 6·75. Any person in Canada will admit that 6·75 cents is much more to-day than 9·2 was at an earlier period. We must consider present purchasing power.

Mr. RHODES: I hope the hon. member for Sherbrooke will not object to a question. He has stated that the tax should be made retroactive for thirty days. From whom would he collect that tax?

Mr. HOWARD: From the wholesalers who purchased the sugar. The refinery in Canada which takes sugar cane from the south or sugar beets from our fields and converts it into sugar does not sell that sugar to the householder or to the consumer. That is not done. That sugar goes through the regular

channels of business into the hands of the wholesalers and from the wholesalers to retailers then to the consumer.

Mr. RHODES: The hon. member has suggested that for a period of thirty days prior to March 21, he would impose a tax of 2 cents a pound upon all sugar sold by wholesalers. Is that correct?

Mr. HOWARD: I did not say that.

An hon. MEMBER: You did.

Mr. RHODES: What did you say?

Mr. HOWARD: I shall repeat it. Either the Minister of Finance or the Minister of National Revenue upon looking into the books of refineries could tell exactly who bought the sugar. They could go back six months and find out how much sugar each firm took in that time. When he finds that the wholesaler has purchased not twice or three times the regular monthly quantity, but that he has purchased from ten to twenty times that quantity, he should ask that wholesaler to pay a tax on the increased quantity of sugar. As I have suggested it was bought because of information received, or for some other reason.

Mr. RHODES: I understood the hon. member to state very distinctly that he would collect from the wholesalers.

Mr. HOWARD: Yes.

Mr. RHODES: A minute later he said he did not mean to make the wholesaler pay.

Mr. HOWARD: I did not say that.

Mr. RHODES: I am not trying to quibble. I am merely trying to pursue the hon. member's line of thought. He has said he would make the tax retroactive for a period of thirty days.

Mr. HOWARD: Yes, and then you would not have to investigate.

Mr. RHODES: And the hon. member would make up the money from sugar which had been sold prior to March 21?

An hon. MEMBER: No.

Mr. RHODES: My hon. friend said that. He has directed his remarks to the excess more recently; he did not mention that angle of the matter at first. However let us deal with the excess. How will the hon. member establish a definition for the term "normal purchase." They could not do it in England —but of course we are much brighter here! Certainly we have not had the same amount of experience. Who will determine what is a normal purchase on the part of a wholesaler?

An hon. MEMBER: Monthly average stock.

Mr. RHODES: What about the case in point in regard to accumulations by householders who have accelerated their orders from local grocers. My hon. friend smiles, but I remind him there is nothing to smile about.

Mr. HOWARD: I agree it is a very serious matter.

Mr. RHODES: Why does the hon. member smile, if he feels that way? I assure you I do not feel like smiling. The sugar tax is a very serious business; it is not nearly as sweet as it sounds. But if this happened —and I have no doubt it has happened—that there has been an accumulation of orders in local groceries, because the housewives anticipated the tax—the hon. member from South Perth shakes his head. From my personal contact with certain householders in Ottawa I know there was that anticipation.

Mr. SANDERSON: We are not concerned with that.

Mr. RHODES: I know we are not. My hon. friend is too bright to allow his mind to be clouded with the thought that I am criticizing the householder. I am not doing that. I am referring to an accumulation of orders, and am not saying that it was not a perfectly proper procedure for the housewife to take. But those orders banked up. If the local grocer's stock is depleted he calls up the wholesaler, and if those orders are multiplied there is sure to be an accumulation. The wholesaler would sell it in the ordinary course of business. The hon. member for Sherbrooke would turn around and make the poor unfortunate wholesaler pay two cents a pound on sugar which he had sold in good faith to the local grocer, and on sales which were brought about by accelerated orders.

I do not believe there is any one commodity in Canada which through a period of years has uniformly yielded such a small profit as has sugar.

The CHAIRMAN: It is six o'clock.

Mr. HOWARD: I believe I should be given an opportunity to say a word in answer. If the minister misunderstood me I am sorry; I thought I had made myself clear. I will

leave it to the Department of National Revenue to make collections. But I repeat that if we went into the refineries and ascertained the amounts wholesalers were in the habit of purchasing, we would find out that wholesalers in the habit of purchasing 200 bags per month actually purchased ten times that quantity. If those facts were ascertained the excess could very easily be determined.

Mr. RHODES: The hon. member used the word "if." I say to him investigations disclose there was nothing approaching ten times as much bought by any company or individual in Canada.

Mr. HOWARD: I will take the risk on that.

Progress reported.

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

Thursday, April 27, 1933

The house met at three o'clock.

RADIO BROADCASTING

APPROVAL OF PURCHASE OF CANADIAN NATIONAL RAILWAYS BROADCASTING STATIONS

Mr. SPEAKER: I have the honour to inform the house that a message has been received from the Senate informing this house that the Senate have adopted the following resolution:

Resolved: That pursuant to the provisions of the Canadian Radio Broadcasting Act, 1932, the Senate of Canada hereby approves the purchase of the radio broadcasting stations and equipment of the Canadian National Railways by the Canadian Radio Broadcasting Commission for the sum of $50,000.

PRINTING OF PARLIAMENT

Mr. W. C. S. McLURE (Queens) moved that the first report of the joint committee of both houses on the printing of parliament, presented to the house on Tuesday, April 25, 1933, be concurred in.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk).

BIGWOOD, ONT., DOCK

Mr. HURTUBISE:

1. Is the Department of Public Works doing any work on a dock at Bigwood, Ontario?
2. If so, what amount is set apart for this work?
3. Is the work being done by contract or by day labour or partly by each?
4. Who is in charge of the work?
5. If the work is being done by day labour, who have been employed on the work?
6. On whose recommendation are men engaged and what salaries are being paid?

Mr. STEWART (Leeds):

1. No.
2, 3, 4, 5 and 6. Answered by No. 1.

NORANDA-ROUYN MAIL TRANSPORTATION

Mr. BRADETTE:

What is the yearly contract price that has been paid to the mail carriers transporting mail from the town of Noranda to the station of Noranda, and also from the town of Rouyn to the railway station of Rouyn for the years 1930, 1931, 1932, respectively?

Mr. SAUVE:

Noranda & N.C. railway station, $280; Noranda & C.N. railway station, $480—$760 for 1930.

Noranda & N.C. railway station, $280; Noranda & C.N. railway station, $513.30—$793.30 for 1931.

Noranda & N.C. railway station, $280; Noranda & C.N. railway station, $480—$760 for 1932.

Rouyn & N.C. railway station, $500; Rouyn & C.N. railway station, $575—$1,075 for 1930.

Rouyn & N.C. railway station, $500; Rouyn & C.N. railway station, $614.52—$1,114.52 for 1931.

Rouyn & N.C. railway station, $400; Rouyn & C.N. railway station, $575—$975 for 1932.

NEW RURAL MAIL ROUTES

Mr. GARDINER:

1. How many new mail routes have been opened during the fiscal year 1932-1933?
2. How many new rural mail routes have been opened in each province during the same period?

Mr. SAUVE:

1 and 2.	Prince Edward Island	Nil
	Nova Scotia	8
	New Brunswick	8
	Quebec	9
	Ontario	5
	Manitoba	Nil
	Saskatchewan	Nil
	Alberta	3
	British Columbia	1
	Total	34

CARLETON, QUE., POSTMASTERSHIP

Mr. MARCIL:

1. Has there been any change in the postmastership of Carleton, Quebec; if so, for what reason?
2. Were any charges made, and what were they?
3. Were they investigated, by whom, and with what result?
4. If a new appointment has been made, who is the appointee, and on whose recommendation was it made?
5. Is the appointment permanent?

Mr. SAUVE:

1. Yes, financial irregularities.

2 and 3. In view of the postmistress' failure to follow the regulations, a special inspection by Post Office Inspector Pouliot was made which led to the discovery of very serious irregularities necessitating her immediate removal from office.

4. Frank Joseph Allard has been appointed by the Postmaster General.

5. Yes.

UNEMPLOYMENT RELIEF

CONDITION OF SETTLERS IN ROUYN AND OTHER PARTS OF QUEBEC

Hon. W. A. GORDON (Minister of Labour): Yesterday the hon. member for Témiscouata (Mr. Pouliot) made reference to some settler in the Rouyn district of Quebec, who claimed to have been in very difficult circumstances and, I believe, was said to be in danger of starving to death, and I gathered from the observations made by the hon. member that this settler was induced to go on the land partly by this government, in conjunction with the province of Quebec and the municipalities. Reference was also made to other settlers. I have received to-day a telegram from Mr. J. E. Laforce, who acts for the Canadian National Railways on the committee with respect to this work. The telegram, if I may be permitted to read it, is as follows:

> Relative statement the Gazette this morning. No families back to land were placed Rouyn or immediate surroundings. No back to land families province Quebec in distress provided they have shown willingness to work.
>
> J. E. Laforce.

I then got the alphabetical list of the names and locations of all settlers in the territory of Abitibi and I do not find amongst them the name of the person who sent the telegram to the hon. member for Témiscouata. I also made inquiry with respect to the placing of settlers in the Témiscouata constituency and I find that, as regards the settlers who were assisted by this government to locate there, we have only two and that they both signify to the committee that they are doing very well. I believe there are other settlers there who were placed by the province of Quebec, and of course I have no report upon their condition because that is a matter essentially for the province to deal with.

SOLDIER SETTLERS—SASKATCHEWAN

Hon. W. A. GORDON (Minister of Labour): The hon. member for North Battleford (Mr. McIntosh) yesterday inquired concerning seed for soldier settlers. I asked him whether he would be good enough to let me have the name of the settler to whom he referred, and he did so. This settler is located not in the constituency of North Battleford but I believe in the constituency of Weyburn.

It would appear that the director of soldier settlement, in order to have the same treatment afforded to all settlers with respect to seed grain in the western provinces, in fact throughout Canada wherever the need arose, made it possible for all settlers to be treated alike. They could apply to the municipality, the same as the civilian settler or any other farmer, and the director, acting within the scope of his authority, gave them a preferential lien, withdrawing the preferred position of the crown, as it were, with respect to seed.

The settler to whom the hon. member for North Battleford made reference received seed last year and was advised some months ago of the course he should pursue if he were without sufficient seed for this season's operation. It would appear that he has ample seed to take care of the land that belongs to the crown in the right of the dominion, but that he has purchased other lands, to take care of which he may not have seed enough. The position was indicated to him some time ago and if he will follow the procedure as outlined, he should have no difficulty.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Thursday, April 20, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes—Mr. Manion.—Mr. LaVergne in the chair.

Mr. MANION: Before we take up any of the sections which were allowed to stand, we might first dispose of the question of amalgamation. It is the intention of the government to put in a clause as part IV of the bill. It was thought that by doing this the

clause would stand out more plainly as referring to the whole bill. I have given copies of the proposed amendment to my right hon. friend and other hon. members opposite. If it is agreeable to the committee this clause will be put in as part IV and numbered section 27, or possibly some other number if the numbering of the sections is changed. The amendment reads:

Nothing in this act shall be deemed to authorize the amalgamation of any railway company which is comprised in the National Railways with any railway company which is comprised in Pacific railways nor to authorize the unified management and control of the railway system which forms part of National railways with the railway system which forms part of Pacific railways.

I might say that this amendment has been submitted to the legal officers of the department as well as to the legal officers of the Department of Justice. It is thought that this amendment will provide against any amalgamation of the Canadian National and the Canadian Pacific railways.

Mr. HANSON (York-Sunbury): As I understand the amendment, its purport is to prevent the taking over by the Canadian Pacific of any branch lines from the Canadian National, or visa versa. I do not think it was ever intended that such an amendment should go that far. I may be wrong, as one cannot follow the ramifications of an amendment of this character simply by hearing it read.

Mr. MANION: This is to preclude the amalgamation of the two companies but there is nothing to prevent the establishing of joint running rights, the joint use of terminals, the linking up of telegraph or ticket offices and so on.

Mr. MACKENZIE KING: At the time the minister mentioned his intended amendment to the committee I suggested for his consideration the adding to the section of certain words which now appear elsewhere in the act. These were, "in so far as the provisions of this act may be inconsistent with the provisions of this section, they shall be read in the light thereof and be so construed as to conform therewith." Either the minister or the Prime Minister stated that the addition of such words would be superfluous as their intent would be covered by the section as worded. If that is so, I will not press the matter any further.

Mr. MANION: I think the right hon. gentleman is referring to section 24, which still stands, and which reads:

In the event of any conflict between an order of the Board of Railway Commissioners and that of any tribunal, the order or decision of the tribunal shall prevail.

Mr. MACKENZIE KING: No, it was with reference to amalgamation, that the provisions of this act shall be read in the light of the section it is now being proposed to insert, and that nothing therein shall further amalgamation.

Mr. MANION: The reason we have made this section a separate and distinct part is to cover that very point. It was thought that by making it a separate part it would stand out more emphatically. It could have been put in as one of the preliminary clauses which apply to the whole bill, but I am advised by the legal fraternity that making it a distinct part would make the right hon. gentleman's recommendation unnecessary.

Mr. JACOBS: I suppose the minister is prepared to admit that the same authority that inserts this amendment can strike it out?

Mr. MANION: Of course. We cannot bind any future parliament and when my hon. friend is Prime Minister he may change this bill or do anything he wishes.

Mr. JACOBS: I hope the amendment will come in long before I am Prime Minister.

Mr. GRAY: Does the minister really think that this amendment is of any real value; does he think there are any teeth in it?

Mr. MANION: The amendment is made to meet the wishes of hon. friends opposite who apparently thought they saw a coloured gentleman in the woodpile. As the hon. member for Cartier said in his speech, he thought this was going to lead to amalgamation. The government had no thought of amalgamation but in order to cooperate with hon. friends opposite, this clause has been suggested. If they desire that it should not be included in the bill, I do not think it would change the effect of the bill at all. It was to satisfy hon. gentlemen opposite as well as those outside the house who might think that there was something wrong with the bill that this amendment was suggested.

Mr. GRAY: In other words, it is merely an expression of intention or hope?

Mr. MANION: The intention, and I think the effect of this amendment is to prevent the amalgamation of the Canadian Pacific and Canadian National Railways.

Mr. HEENAN: I am not going to argue at any great length with respect to this provision, because the government and the minister have been good enough to accept the suggestion from this side of the house, but I want to put myself on record so that there may

be no comeback so far as I am concerned that this is merely a pious hope—and apparently it is about the only thing we can get—that is placed in the bill stating that there shall be no amalgamation. I want to point out to the minister once more that this bill which we are discussing provides for amalgamation of the railroads of Canada; despite anything that may be included in the bill, its actual operation is amalgamation.

Mr. HANSON (York-Sunbury): Nonsense.

Mr. HEENAN: My hon. friend from York-Sunbury is the best judge of nonsense of any man in the house.

Mr. HANSON (York-Sunbury): I am, and I am looking right at the hon. member.

Mr. HEENAN: Since I have been in the house I have never heard the hon. member give expression to anything but nonsense of the worst kind.

Some hon. MEMBERS: Oh, oh.

Mr. HEENAN: Do not any of you Tories think you are going to get away with this.

The CHAIRMAN: Will the hon. member address the chair?

Mr. HEENAN: Will the chairman keep his own side in order? I do not want these men who do not know what they are talking about to interfere in my discussion.

The CHAIRMAN: The hon. member must address the chair.

Mr. HEENAN: I am addressing the chair now. I do not intend to allow the Tory party to give away the Canadian National without the people of this country knowing what they are doing. The bill itself provides for the amalgamation of our Canadian railroads. I believe the minister is sincere in thinking that this amendment is of value. I think it is of value to this extent only that the government is enunciating in this provision that it does not intend the amalgamation of the railroads of Canada, but that does not detract in the slightest from this bill which provides for running rights of one road over the other, the merging of services and all the ramifications that go into the operation of a railway. The amalgamation of the railroads of Canada is right in this bill.

Mr. HANSON (York-Sunbury): That is just your opinion.

Mr. HEENAN: If I were as ignorant as my hon. friend, I would not give expression to such ignorance.

[Mr. Heenan.]

Mr. HANSON (York-Sunbury): If the hon. member knew anything about the English language, he would not make such a statement.

Mr. HEENAN: If I were as ignorant as my hon. friend, I would go to law school.

Mr. HANSON (York-Sunbury): If the hon. member lived in the days of Parnell, he would be a dynamiter.

The CHAIRMAN: I would ask hon. members to address the chair.

Mr. HEENAN: All I am asking you, sir, to do, is to keep order on both sides.

The CHAIRMAN: That is what I am trying to do.

Mr. HEENAN: I just want to give warning that neither the chairman nor anyone else will shut me up on this measure, because when it means putting 20,000 or 30,000 workers on the streets in order to help the money-lenders of New York, I am going to fight for the citizens of Canada.

I am not going to argue against this amendment, but I want to put myself on record. I am going to support it because it seems to be a pious hope the government have that the railroads will not be amalgamated, but I cannot accept it as being of value and I may be all wrong—

Mr. MANION: The hon. member is.

Mr. HEENAN: —but I want to tell the government and the minister they are all wrong on it. Every provision in this bill means the amalgamation of the operations of the railroads of Canada. Apart from that I want to say that I am prepared to accept the amendment.

Mr. HANSON (York-Sunbury): I have in my constituency as many and probably more railwaymen than has the hon. member for Kenora-Rainy River in his.

Mr. HEENAN: Why does the hon. member not fight for them?

Mr. HANSON (York-Sunbury): I have just as much interest in them as he has in his, but I am not a self-constituted champion as he is.

Mr. HEENAN: I know the hon. member is not.

Mr HANSON (York-Sunbury): The only position the railroad men in my constituency take is that the principle of amalgamation shall not be included in this bill. It is not included in the bill, but to make assurance doubly sure and to relieve the minds of the

railwaymen of this country the government has inserted an amendment which has been read to the committee to-day. If the hon. gentleman knew anything about the drawing and construction of statutes, he would know it is not necessary to insert in a bill a provision which negatives something which does not exist. This proposed amendment is in law absolutely unnecessary, but in order to satisfy public opinion and especially that which I have the honour to represent directly, namely, the railwaymen in my constituency, this is being put into the bill; they are quite satisfied with it and I venture to say that not one of them is asking the hon. member for Kenora-Rainy River to champion their cause in the house.

Mr. HEAPS: Could the minister inform the committee whether there is at present any move on foot to amalgamate the services of the Canadian Pacific and Canadian National express companies?

Mr. MANION: I am afraid I cannot answer definitely as to that. I may say quite frankly that certain cooperative measures are being studied by the management of the two railways and, generally speaking, the government does not hear the result of such detailed studies until something definite has developed from them. I understand there have been discussions as to operating the express companies to a greater extent in cooperation than has been the case in the past, but further than that I am sorry I cannot definitely inform my hon. friend.

Mr. HEAPS: I happen to have in my possession a communication addressed to me just a few days ago dealing with this question. While the talk is of cooperation and consolidation, this letter refers distinctly to amalgamation of the two companies with the primary intention of saving large sums of money and of course with the result of letting out large numbers of employees. In this communication which comes from a reputable source—and although it is confidential, I will let the minister see portions of it—they talk of the amalgamation of the two services. They claim that the Canadian National service is much superior to that of the Canadian Pacific, and they believe the best portions of the business of the Canadian National will be picked up and amalgamated with the Canadian Pacific. Whether that be correct or not, I cannot say, but the impression is at present gaining ground throughout the country that the privately owned company is taking off the best portions of the Canadian National railway system and that is being amalgamated, while the government or the country will be left with the worst portions of the Canadian National railway services and will no doubt have to maintain that as a losing proposition as time goes on. That is likely to happen. We have already had the consolidation of services between Montreal, Ottawa and Toronto and this was one of the best services which the Canadian National had so far as passenger traffic was concerned. If that is going to be the basis of cooperation between the two railways, I am afraid we are going to do something which we shall ultimately regret. The information contained in this letter, coming from what I believe is a reputable source, is that the income of the Canadian National Express Company is claimed to be much higher than that of the Canadian Pacific Express Company, and if we are going to have instance after instance of the best paying services of the Canadian National system being amalgamated with the poor services of the Canadian Pacific, I am afraid this bill is hardly worth the time we are giving to it in the house.

Mr. MANION: I do not think the hon. gentleman has any right to imply that we are going to have instance after instance of the Canadian National being sacrificed to the interests of Canadian Pacific. I have not yet heard of anything which would justify such an assertion. I am just as interested in the Canadian National as is my hon. friend. Furthermore, if as he suggests the managing officers of the Canadian National Railways were so stupid as to permit the Canadian Pacific Railway to pick off their plums in that fashion, then I think the sooner we got rid of the whole outfit the better. That would be my feeling about it. But I do not believe that the managing officers of the Canadian National are stupid. I believe that they are just as capable of taking care of themselves as are the officers of the Canadian Pacific Railway, and I believe that they will take care of themselves in any cooperative measures that may be adopted.

My hon. friend said something about the Canadian National giving up its service between Ottawa and Toronto, but the Canadian Pacific has also given up its service between Montreal and Toronto. That is part of the cooperative measures that they are working out. Though on the surface the Canadian National so far as the service between Ottawa and Toronto is concerned apparently suffers, my understanding is that under these pooling arrangements the earnings are divided so that there would not actually be any loss;

and as between Toronto and Montreal it is the Canadian Pacific that gives up its service and the Canadian National runs its trains. But it is on the basis of a fifty-fifty division of doing away with services and a fifty-fifty division of the profits accruing from that curtailment of operations. My hon. friend is usually fair, but I do not think he is fair in suggesting that the Canadian National Railways will permit the Canadian Pacific Railway to take over any portion of their better paying services unless the Canadian National gets an equally valuable quid pro quo. I am confident of that. The officers of the Canadian National are experiencing no interference by the government in any shape or form in regard to these cooperative measures, and I repeat, that if they are stupid enough to let the Canadian Pacific Railway put it over them they are too stupid to run a railway anyway.

Mr. HEAPS: I may say that that impression is gaining ground among a great many people.

Mr. CHAPLIN: It is not very complimentary to the management.

Mr. HEAPS: I will read one or two lines from these communications which I have here and which I believe come from a very reliable source.

Mr. MANION: If the hon. gentleman is going to read communications to the house it is only fair that he should say from whom they come. Otherwise I submit that he has no right to read them.

Mr. HEAPS: I have not read any portion of these communications for that very reason, but I have what I think are official figures showing the business of the Canadian National express and of the Canadian Pacific express, which services I claim are likely to be amalgamated or coordinated in the very near future. According to my information the business of the Canadian National express was $594,000 as compared with $216,000 for the Canadian Pacific express, so if there is going to be an amalgamation on a fifty-fifty basis we can understand how unfair it would be in that case to the Canadian National railway system.

Mr. MANION: I did not say that there was to be an amalgamation on a fifty-fifty basis, but that whatever cooperative measures were put into effect, the doing away of trains and services, and the remuneration, would be on a fifty-fifty basis.

Mr. HEAPS: I bring this matter to the attention of the minister and the house because I have received a lot of letters from different parts of the country along this very same line. But if we have the assurance of the minister that any cooperation or amalgamation of services, although I am opposed to the whole thing, will be done on a fair basis, I have no more to say.

Mr MANION: The hon. gentleman may have my assurance so far as the matter is within my control. I would object with all the power I possessed against the Canadian National giving to the Canadian Pacific something that it did not get a return for—absolutely.

Mr. BEAUBIEN: Under this bill we are appointing a chairman and a board of trustees for a period of years. They cannot be removed by the minister or by this house without the concurrence of the upper house. Am I right in that?

Mr. MANION: By parliament; that is right.

Mr. BEAUBIEN: Then in Part II of the bill we are giving the chairman of the board of trustees all the power that it is possible to give to any trustee. We are giving him power to amalgamate traffic and amalgamate terminals. The minister will not deny that.

Mr. MANION: I do not admit that there is to be amalgamation at all. We are giving powers to the board of trustees so that the two railways may work in unison and have joint operation of such matters as my hon. friend suggests.

Mr. BEAUBIEN: To my mind joint operation means the amalgamation of one terminal with another, for instance. Does it not?

Mr. MANION: I do not admit that joint operation means amalgamation at all.

Mr. BEAUBIEN: It means an amalgamation of services if it means anything at all. We appoint this board of trustees, and this government has no control over the board. This house cannot dismiss the chairman of the board of trustees without the concurrence of the upper house. The two houses of parliament have to concur in a resolution before he can be dismissed. If this house passed a resolution to dismiss the chairman of the board of trustees, and the upper house refused to concur in it, the chairman would remain in his office. Now, suppose that the chairman of the board of trustees under the power given him in Part II of this bill does things which he is empowered to do, and which mean the amalgamation of service; what effect will this amendment which the minister proposes have? I cannot see that it will have any

effect in preventing the amalgamation of services. May I say this, that a railroad is really a service that is given to the people, and if you are going to permit the amalgamation of services, I do not see how you can get away from amalgamating the railways. Suppose that the board of trustees sanctions the amalgamation of terminals, the amalgamation of railway ticket offices, and of stations, and so forth, I do not see how by this amendment we can undo what they have done in the way of amalgamation. What effect would the amendment have? I am asking for information. The chairman of the board of trustees is appointed for a period of seven years, and he cannot be dismissed except by a resolution passed by both houses of parliament, and if in the meantime he goes on amalgamating terminals and ticket offices and services and stations, there will be very little left of the Canadian National Railways at the end of seven years.

Mr. MANION: I do not agree at all with the hon. gentleman in regard to that. I submit that at the end of seven years, if we get the right kind of trustee, as we hope to do, we shall have the same condition on the Canadian National as we have on the Canadian Pacific so far as independent operation is concerned. It is true that some of the divisional points and some of the branch lines may be worked jointly, and it would have been a good thing for this country had that been done many years ago. There are two things which my hon. friend seems to forget in his remarks. In the first place, we are appointing trustees whose duty it will be to look after the interests of the Canadian National Railways. We are not appointing trustees to work for the Canadian Pacific Railway. If we should be so unlucky as to get a chairman of trustees who would betray his trust, I have no doubt whatsoever that this house would dismiss him at the next session and that the action of this house would be endorsed by the Senate, because after all the Senate, without a doubt, represents the best thought in this country just as does this House of Commons, and if some trustee should be false to his trust I cannot conceive of the other chamber in justice and decency not taking action to protect the Canadian National Railways, just the same as we would. To assume what my hon. friend suggests, we must first of all assume that the trustees are to be false to their trust, and secondly that the other chamber is also to be false to its trust. That would be a wrong assumption. I do not believe that at the end of seven years, if these cooperative measures last so long, there will be any difference except that there will be some joint operation here and there which should exist, because as was pointed out in a committee this morning, and as I have pointed out on the floor of this house, there are many opportunities for joint operation of ticket offices, for instance, and telegraph offices on expensive corners. Joint operation of such services could only redound to the benefit and profit of the two railways, and it could not in any way take away from the independence and autonomy of the Canadian National Railways.

Mr. GARLAND (Bow River): While I was relieved to hear the statement of the Minister of Railways on the matter raised by the hon. member for North Winnipeg a few moments ago, I feel that he should be made aware of the fact that there is now growing over those sections of the line where there are pooled services in central Canada—I refer to the Ottawa-Toronto, Montreal-Toronto, and Ottawa-Montreal pooled services—a feeling that there is something wrong. The remark made by the minister to-day may dissipate that feeling. But when travelling on the train the other day one of the old conductors who has been employed in the service for about twenty-four years, evidently a very estimable type, and well educated, informed me that there had been a sudden transfer of sales of passenger tickets to the extent of nearly eighty-seven per cent in favour of the Canadian Pacific Railway.

Mr. MANION: Between here and Toronto?

Mr. GARLAND (Bow River): Between Montreal and Toronto. He expressed grave concern about the situation, discussed the matter at some length with me, and asked me what the terms of pooling were to be. I said I did not know, but that the matter could be taken up, and that I would ask the minister. I am now asking who determines the terms of pooling? Is it the minister, the board of trustees or the tribunal? Secondly, what principle of pooling would the minister suggest, and thirdly is the principle of pooling adopted to be established as a regulation which the tribunal or trustees must follow. For example, in addition to the point raised by the hon. member for North Winnipeg, I would suggest this to the minister: Where in the past railway points having both lines operating through them showed forty per cent to the Canadian Pacific Railway and sixty per cent to the Canadian National Railways, and where it is found that those figures are suddenly switched around under the pooling arrangements to sixty-five per cent to the

Canadian Pacific Railway and the balance to the Canadian National Railways, what basis would be followed? If disputes, in regard to terms of pooling are to be left to the decision of the tribunal, how are we to approach the tribunal? Reading the second to last clause in the bill I find the following:

> Save as provided by this section no order, decision or proceeding of a tribunal shall be questioned or reviewed, restrained or removed by any process whatever in or to any court.

I do not know whether in that section the House of Commons is included.

Mr. GEARY: Read the other parts of the section.

Mr. GARLAND (Bow River): I should like the minister to cover those points, if possible, because a good deal of disturbance has been created.

Mr. MANION: I am afraid the hon. member has covered a lot of ground in only a few questions, and possibly I may not be able to answer him fully; however I shall try. In the first place, in regard to tickets being sold between Montreal and Toronto—I believe that is the section of the road he indicated—and the suggestion that a larger proportion of passenger traffic tickets were being sold through offices of the Canadian Pacific, I would answer as follows: In the first place, I do not think that is a correct statement, because there would be no advantage in buying from one ticket office rather than the other for the simple reason that the earnings of the pooled trains are divided fifty-fifty between the two systems.

Mr. GARLAND (Bow River): The conductor would have no object in misinforming me.

Mr. MANION: He probably misinformed himself.

Mr. GARLAND (Bow River): He ought to know, he would collect the tickets.

Mr. MANION: But not the money. The money goes to the railways; the tickets go to the conductors. I believe I am correctly informed when I say that the railways have pooled their passenger traffic between Ottawa and Toronto and between Montreal and Toronto. Between Ottawa and Toronto the Canadian Pacific handles the train. So that as the hon. member for Melville mentioned the other evening, those people who have been accustomed to travelling to intermediate points between here and Toronto by way of the Canadian National railway will find that the service was not as good as it was previously, because the Canadian Pacific is carrying on a joint service between those two points. The same is true, on the other hand, with regard to the service between Montreal and Toronto. No doubt there will be a greater volume of traffic on that service than between Ottawa and Toronto. In that case, the service is pooled and carried by the Canadian National Railways.

I was not going to waste the time of the committee by giving illustrations to show how difficult it is for one railway to obtain an advantage over the other. However, I believe I should tell one incident which occurred and about which I happened to know. The Canadian Pacific and the Canadian National were both running their sixty-miles-an-hour fast trains between Montreal and Toronto. While both railways were carrying a great many passengers, it was decided the two fast trains were not required, and that one could carry the business. They thought, as I believe, that the change was to the advantage of both railroads. The Canadian Pacific agreed that the Canadian National should handle the fast train service between Montreal and Toronto but since the Windsor station was in a better location than the Bonaventure station, that the trains should run out of and into the Windsor station, despite the fact that a Canadian National train was being used. So far as returns were concerned, it would not have meant one dollar's difference to the Canadian National. But the directors and management of the national system took the attitude that if the train ran both out of and into the Windsor station damage would be done to the prestige of the national system and that there would be a loss from the standpoint of advertising. After a good deal of wrangling it has been decided that the train shall go out of the Windsor station to Toronto, but shall enter the Bonaventure station upon its return to Montreal. I believe this illustration goes to show how anxious the management and directors of the Canadian National have been to secure a fair deal for the national system. While the Canadian Pacific argued that the Windsor station should be used exclusively—and I believe their argument carried some weight—the management and directors of the national system insisted that that should not be the case.

I believe this illustration goes to show that officials of the Canadian National system have no intention of giving up any rights, prestige or advertising value connected with any service it now possesses. So far as tickets are concerned, I repeat that the returns from the pooled services are divided equally between

the two railway systems. If the hon. member cared to walk over to the station he would see a notice containing the words "pooled train tickets for sale here." The returns on those tickets are divided.

Mr. GARLAND (Bow River): They are divided on what basis?

Mr. MANION: So far as I know, on a fifty-fifty basis.

Mr. GARLAND (Bow River): How can justice be maintained by dividing on a fifty fifty basis? If one system had been selling sixty per cent of the tickets between Montreal and Toronto and the other system selling only forty per cent, a fifty-fifty division would not be fair.

Mr. MANION: But from other points probably the reverse percentage would be the case. If the hon. member will look over the passenger statistics I believe he will find that on the whole, the Canadian Pacific has been doing a better paying passenger business than has the Canadian National, for the simple reason that the Pacific system has as feeders a trans-Atlantic steamship service, and a trans-Pacific steamship service. For those reasons they get a great deal of transcontinental or long haul traffic. My information is that they have thus been getting a larger average revenue per passenger carried than has the Canadian National. Therefore I believe that if passenger service returns are split fifty-fifty the Canadian National system would be getting a fair deal all round. While I may not be able to go into the details as to former percentages of traffic now pooled I believe if both railways can make big savings by cutting off unnecessary trains, they are thereby gaining so much that the possible small amount which one might have gained here or another might have gained there might easily be forgotten.

I believe the hon. member mentioned one or two other points which I cannot call to mind at the moment.

The CHAIRMAN: I am afraid the committee is drifting away from the section before it.

Mr. GEARY: I should like to ask a question. At the moment there are arrangements between the two railways whereby, for instance, between Toronto and Hamilton the Canadian Pacific runs over the tracks of the Canadian National. That is an arrangement made between the managements of the two roads. Am I to understand that any matter of inter-company arrangements of that sort must come before the minister or before the House of Commons for consideration or adjustment.

Mr. MANION: No; the hon. member is quite correct in his understanding that it does not come before the minister. However when I hear these matters discussed I endeavour to give whatever information I can to the committee, because my deputy minister is a director of the railway. As a matter of fact the matters to which the hon. member has referred would not be referred to me. If I heard that the Canadian National was getting an unfair deal I should certainly make inquiry as to how such a matter arose. But those arrangements are made by the managements of the two companies plus the committees appointed by the directors.

Mr. GEARY: In other words you do not manage the road?

Mr. MANION: No, of course I never pretended to, I would not be capable. The hon. gentleman also asked how they would divide these profits and losses. If he will look at section 16, starting at line 6:

—and they respectively—

That is the two railways:

—are, for and on behalf as aforesaid, authorized to agree, upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted (with due regard to equitable distribution of burden and advantage as between them) to effect such purposes.

That clause in brackets "with due regard to equitable distribution of burden and advantage as between them" is the basis upon which they are to cooperate. I think that explains it better than I could by further words.

Mr. BEAUBIEN: After this bill passes, suppose there is amalgamation of services at a given point and it is apparent that the Canadian National railway is getting unfair treatment. I suppose when this legislation is passed the minister will not have the connecting link with the Canadian National that he has at present by virtue of his deputy minister being a director. Suppose the trustees of the Canadian National are amalgamating or coordinating services and the minister finds that the Canadian National is getting the worst of it. These men we are going to appoint trustees will not be infallible. What power has the minister after this legislation is passed to stop it? I cannot see where he will have any.

Mr. MANION: The only power the minister has would be the same power as my hon. friend has or any member of this house. When moneys are required by the Canadian National—

Mr. BEAUBIEN: Only capital expenditures.

Mr. MANION: No, deficits, interest on bonds, practically everything except operating details has to be passed by this house. When these are being passed it is the privilege of this house to do as it does to-day, appoint a committee to discuss the whole situation, and there is no reason why the trustees should not be brought before them in fact it is agreed that they may be, and there is no reason why officers should not be. Certainly if a trustee or group of trustees were to betray, either accidentally or intentionally, the rights of the Canadian National, that trustee or those trustees would be amenable to action by this house, and I promise my hon. friend I would support him or any other member of this house if at any time I had proof that these trustees were showing bad faith towards the Canadian National. That is the best assurance I can give.

Mr. HEENAN: I believe the minister is sincere in that, but I want to point out something. Rightly or wrongly I have been looking at this bill from what may be regarded as a narrow viewpoint, that of how it is going to affect the railroad men of this country. In reply to the hon. member for Provencher (Mr. Beaubien) the minister said that if it were discovered that these trustees, although appointed for seven years, and not subject to dismissal except on an address from both houses of parliament, were betraying—probably that word is too strong, but were making errors that favoured the Canadian Pacific—means could be taken to dispense with their services. But I want the minister to look at this from my viewpoint for a moment, I think this will drive home the argument that I have been attempting to make for some days. Suppose under this measure the two railroad companies get together—I will admit it would probably have been better, as the minister says, if they had done it many years ago, but they did not. But now they get together. Take, for example, Winnipeg; there are four yards there; Fort Rouge, the Canadian Pacific yard, the Canadian Pacific new yard at North Transcona, and the Canadian National yard at South Transcona. Suppose they merge these four yards into one. They construct rails to radiate from that yard. It would probably cost thousands and thousands of dollars to do that. After that is done, that money spent, the other employees are gone. Dismissal of trustees would not alter that in the least. There will be things done, merging of roundhouses, back shops and other things of like character that will cost thousands of dollars to do in the first instance and once they are done the profits will come after but the employees are gone. The provision for apportionment of employees between one road and the other cannot work out. We have here a conglomeration of railroads, the Canadian Northern, the Grand Trunk, the Canadian Pacific, the Canadian National and their various branch lines, and men stationed in different parts of the country who have seniority rights in that part and no other part. They have seniority rights on the Canadian National, the Canadian Northern, or other roads at a certain point and no other point on that road. How could a man laid off here be sent several hundred miles away to a place where he is unknown, where he has no rights whatever to displace another man? These are all matters that I submit require the best thought of the house, without any heat. I point out that once the trustees are appointed, once they agree with the Canadian Pacific officials to do these various things, and the machinery is put into operation, it is impossible to undo it again. I agree with the minister that if the Canadian National trustees favoured the Canadian Pacific unduly we could find some means of dismissing them—

The CHAIRMAN: I think the discussion is out of order, and unless the committee consents to review the whole bill again I must ask hon. members to stick to the clause now under consideration. We are now discussing things that have been discussed and adopted.

Mr. HEENAN: If you are alluding to me, Mr. Chairman, I am through.

Mr. NICHOLSON: A moment ago my hon. friend from North Winnipeg (Mr. Heaps) put some figures on the record in regard to the earnings of the Canadian National express and the Canadian Pacific express that I think should be corrected. I do not know where my hon. friend got his information. Accurate information is available to every member of this house, all that it is necessary to do is take the annual report of the Canadian National and the annual report of the Canadian Pacific.

The CHAIRMAN: Order. I still call the attention of the committee to the fact that unless there is general consent there cannot be a general discussion on the bill. We must confine it to the clause.

Mr. NICHOLSON: Mr. Chairman, I submit that the discussion has been going on in relation to the general question of amalgamation, and I understand that this amendment now before the committee deals directly with amalgamation or the negative of it. I merely wish to correct a statement in regard to the relationship existing between the Canadian National express and the Canadian Pacific express.

The CHAIRMAN: The amendment just says that nothing shall be deemed to authorize amalgamation. I do not think that permits discussion of the whole question.

Mr. NICHOLSON: I appreciate what you say, Mr. Chairman, but the amendment does deal with amalgamation, and what I want to say will only take a moment. The actual figures, instead of being $500,000 in the case of the Canadian National Railways and $216,000 in the case of the Canadian Pacific, are $12,102,645 for the Canadian National and $15,599,830 for the Canadian Pacific for identically the same services for the year 1931. I put these figures on record for this reason. There is unquestionably a deliberate attempt being made right across this country, by such statements as have been put into the hands of my hon. friend and which have been read in good faith, to convey the impression that this measure that is being passed in an effort to rescue the railways from their present situation, and particularly the Canadian National Railways, is designed to scuttle the Canadian National in the interests of the Canadian Pacific. I think the correct information should be given.

Mr. MOTHERWELL: May I suggest with all respect to those who want to talk further on this matter that we accept the amendment now, lest peradventure we lose it with all that may be in it. I can imagine myself in the minister's chair, exclaiming, "Well, if they don't want to have it I will withdraw it." Let us have it by all means.

Mr. BRADETTE: In our section of the country we are quite willing to cooperate, but apparently cooperation means elimination or extermination. I said, when the first reading of the bill was under consideration, that so far as the railway commissioners were concerned the port of the country from which I come had never received fair treatment from them. To substantiate this statement, I will say—and the house will be surprised to learn this—that the Duff commission never found it possible to devote so much as half an hour of their time to a consideration of the problems of that section of the country right on the ground itself. They never visited any section of the Transcontinental line passing through that part of Canada. In a word, the Duff commission did not think it desirable to visit a section of the Canadian National Railways comprising one-third of the whole system, and on that ground alone we feel that we have a grievance—a grievance which it is hard for us to understand at all. Time was not a matter of great concern to the commission, so that there is no excuse from that point of view. I contend that they should have been on the ground to see for themselves the physical situation of the railways.

I wish to bring up to-day a matter which is of interest to the whole of Canada; I refer to the passenger and freight service of the railways from coast to coast. A little over a year ago the national trains were taken off from Montreal to North Bay and Cochrane and from Cochrane to Winnipeg; for what reason we do not know. No one in Canada, certainly no one in that part of the country, can imagine what could have induced them to take this step. We find on the other hand that trains were put on in sections where there is no population nor any local traffic. On the longest section of the run from Halifax to Quebec and on to Winnipeg and through to the Pacific coast trains were taken off. The suggestion was made that the reason might be that the Timiskaming and Northern Ontario Railway was charging too much for trains using its roadbed. So far that suggestion has not been verified but there is no doubt that trains were taken off in that northern section.

I repeat, we are willing to cooperate and to do everything we possibly can to make the Canadian National Railways a going concern, but it seems to us that passenger service is being taken away from the Canadian National system and handed over to the Canadian Pacific. At the present time trains leaving Quebec pass through Montreal to Ottawa and then go on to North Bay, whereas in the past they went directly from Quebec to Cochrane and on to Winnipeg. A similar situation exists in the maritimes. The committee will understand to what extent the Canadian National system has been the loser during the past year and a half so far as passenger service is concerned. People travelling from our section

of the country have been obliged to take a roundabout route, spending from two to six hours in Winnipeg.

I believe, as I have said both privately and publicly, that the Minister of Railways has the welfare of the Canadian National system at heart, but no matter what he says in answer to the criticism of Mr. Deachman, the fact remains that to-day the Canadian National Railways are losing passenger and freight service, and this applies more particularly to my own section of the country. Before the Christmas recess I asked the minister what seemed to me a perfectly reasonable question but one that apparently came to him as a great surprise, namely, when the passenger service would be really established over the National Transcontinental line, and he told me it was not within his province to know when that would take place. Surely the Minister of Railways, who is in charge of the department, should know what is taking place in that section of the country, a section which, as I have said, constitutes one-third of the Canadian National system. For no assigned reason the trains were taken off that section and a service given to a section where there is no population and no local freight.

Only a few months ago I listened with surprise to a statement made by the Prime Minister to the effect that it was practically a blunder to have built a railway linking up east and west in the northern sections of Canada. That I think is a statement which the right hon. gentleman will come to regret. Surely everyone realizes that owing to the construction of that railway hundreds of thousands of a new population found employment. On that score therefore the construction of that line has been fully justified.

To drive home the inadvisability of changing the passenger service in the manner I have indicated, I wish to give some statistics.

Recently the movement of the Continental Limited, Montreal to Vancouver, was changed and instead of moving Montreal to North Bay via Ottawa, thence via Timiskaming and Northern Ontario to Cochrane and west to Nakina via the Transcontinental line, it now moves via North Bay, Capreol, Hornepayne to Nakina. The actual saving in mileage is actually only sixteen miles, made up as follows:

	Miles
North Bay to Cochrane	255
Cochrane to Hearst	129
Hearst to Nakina	144
	528

	Miles
North Bay to Capreol	83
Capreol to Foleyet	148
Foleyet to Hornepayne	149
Hornepayne to Nakina	132
	512

And the serving of the population of these two routes leaves nothing in favour of the route now in use. The population figures stand as follows:

	Population
North Bay to Cochrane	80,000
Cochrane to Nakina	36,000
	116,000

	Population
Nakina to North Bay via Capreol	12,000

There is no reason in the world why this service should have been discontinued. Railroad men have told me that there are trains running through the country where they are now routed with only one passenger in the pullman cars and a total of half a dozen in the whole train, but that was not the case with the trains in our section of the country. We have no direct communication with the western sections of Canada. If we want to go to Winnipeg from Cochrane, which is only 900 miles away, we have to go to North Bay in order to make connections. That is a very roundabout route. I know the minister has at heart the welfare of the Canadian National and the other railroads in Canada and I urge upon him to see that this anomaly is remedied as soon as possible. There has been a current rumour in Montreal that trains numbers one and two will be reestablished on May 1, and I hope this is true. The minister may not be familiar with these details of management but I believe it to be his duty to see that the passenger service of the Canadian National Railways should be made as practicable as possible.

The idea has got abroad that there is a certain amount of sabotage in connection with the activities of the Canadian National Railways. I am not in position to corroborate such statements but I refer the committee to the utterance of the Minister of Railways during the Christmas festivities. He was speaking of nothing less than blue ruin for this great railway system. The feeling seems to be spreading throughout Canada that we should get rid of the Canadian National Railways. I think we should have more optimism than that exhibited by the Prime Minister only

a few weeks ago when he was referring to the Canadian National Railways. The railway situation may be very serious but I think our railways could be operated in order to provide a vast amount of good to Canada as a whole.

When speaking on the first reading of this bill I referred to another anomaly which existed in my section of the country in the transcontinental routing of grain.

Mr. MANION: I have listened for some time to the hon. gentleman and it seems to me that he is only making a speech covering every phase of the bill.

An hon. MEMBER: And outside of the bill.

Mr. MANION: I think we should try to keep within the amendment under discussion, and I suggest that the hon. member do so. I do not think hon. gentlemen opposite are any more anxious than we are that the discussion should wander all over the map.

Mr. BRADETTE: I think I have the same right as other hon. members.

The CHAIRMAN (Mr. Cowan, Port Arthur): I think the point is well taken; the hon. member should confine his remarks to the amendment.

Mr. BRADETTE: I am referring to amalgamation and I am within the limits of the amendment. I listened to other hon. members dealing with every phase of the railway situation and I do not think there should be a special ruling with regard to myself.

Mr. SPENCE: We have had too much nonsense.

Mr. BRADETTE: Does the hon. member intimate that I have been speaking nonsense?

Mr. SPENCE: I have said we have had too much nonsense now.

The CHAIRMAN (Mr. Cowan, Port Arthur): I refer the hon. member to standing order 58 which reads:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

Mr. BRADETTE: With all due respect to you, Mr. Chairman, I cannot see why other hon. members should have been permitted to ramble all over the question while I am to be penalized. I have been referring to cooperation and I believe I am within the limits of this amendment. It will only take me a few moments to say what I have to say.

The CHAIRMAN (Mr. Cowan, Port Arthur): I ask the hon. member to confine himself as closely as possible to the amendment with regard to amalgamation.

Mr. BRADETTE: I want the minister to study the situation as it pertains to the National Transcontinental railway question. This is a question which has not received the consideration it deserves from this or past governments. I will be fair, and make that distinction. I hope one of the new tribunals will visit our section of the country to deal with this matter and deal with it fairly. We do not ask for special favours, all we want is the service to which we are entitled.

Amendment agreed to.

Mr. MANION: There is another amendment which has been practically agreed to by both sides of the house. I think it would be better to take up these amendments and then we could deal with the sections which were permitted to stand. This particular amendment deals with abandonment. I will ask my colleague to move it.

Mr. STEVENS moved:

> That clause 2 be amended by substituting the following as an additional sub-clause:
>
> Notwithstanding anything in this act or in any other act any railway company may abandon the operation of any line of railway with the approval of the Board of Railway Commissioners for Canada and no railway company shall abandon the operation of any line of railway without such approval.

Mr. MANION: This amendment has been studied by the legal advisers of my own department and the Department of Justice, and it deals with abandonment in both a negative and a positive way. This was done in order that there might be no misunderstanding.

Mr. MACKENZIE (Vancouver): Does that imply the approval of the governor in council?

Mr. MANION: This has nothing to do with that. This amendment is made so that no abandonment can take place without the consent and approval of the Board of Railway Commissioners. I might say that either to-morrow or the next day a bill will be introduced to amend the Railway Act by adding practically the same clause. As I explained in a previous discussion, the Canadian Pacific and other railways can abandon lines other than main lines without the approval of the board. It was felt by hon. members opposite and some hon. gentlemen on this side that there should be greater protection against such abandonment, and this amendment is offered to meet their wishes.

Mr. SPENCER: I know of several lines that have already been graded but on which no rails have been placed. In what position will they be? Will the railways have to go to the railway commission before those lines are discarded?

Mr. MANION: They are in exactly the same position as before. When the Canadian Pacific or the Canadian National, as the case may be, decide to go ahead with those lines, either railway will be in exactly the same position as it was before to continue; this bill will not have any effect in such a case. The provision applies only in a case where one or other railway wishes to abandon a line as the Canadian Pacific could and the Canadian National to a large extent could do in the past without permission. Now, instead of doing this without permission, they will have to obtain permission from the Board of Railway Commissioners.

Mr. JACOBS: Will it not be necessary that the other company interested be notified to be present before the board, because otherwise one company might, so to speak, steal a march on the other? It would be well that all the companies interested should be notified to be present when the application is made.

Mr. MANION: This is a clause that deals with the whole act. I believe it is correct to say that when any matter comes before the railway commission, notice is given to interested parties, so that the point mentioned by the hon. member is covered in the Railway Act.

Mr. McINTOSH: As regards the abandonment of branch lines, there was a Canadian National branch line in the North Battleford district; had the railway to have the sanction of the Board of Railway Commissioners before that branch line was abandoned?

Mr. MANION: In regard to any branch line that was built of recent years under the Canadian National Railways Act the railway had to go to the board. It is possible the hon. member refers to some individual line of which that is not true, but I think I am correct.

Mr. McINTOSH: I am not referring to a line that was built and operated, and then abandoned. I am referring to a line part of which was graded; it had not been steeled. Apparently the line is abandoned. Had the sanction of the board to be obtained before abandonment could take place?

Mr. MANION: The hon. member is asking the same question as that asked by the hon. member for Battle River. That line is and will be in the same position after this bill passes as it was before. The Canadian National, when it finds it can afford to continue that line and figures there is enough business for it, will go ahead and finish it. It is not an abandoned line; it is in exactly the same position as if this measure had never been introduced.

Mr. MARCIL: As regards a branch line, if the people along the route are dissatisfied with the decision given by the railway board, will an appeal lie to the governor in council? I do not know whether that is provided for or not.

Mr. MANION: I am not a lawyer and I am speaking subject to correction, although I rather think I am right; any decision which is given by the Board of Railway Commissioners can be appealed to the governor in council. Whether that applies to the case mentioned, I do not know, but I may say this to the hon. member for Bonaventure, that at the present time the Canadian Pacific altogether, except so far as its main line is concerned, and the Canadian National to a large extent can abandon lines without submitting the matter to anybody, so we are protecting the people to a greater degree than they were in the past, by providing that the railways cannot abandon any line—and I am in a day or two going to introduce a similar amendment to the Railway Act—without submission to the Board of Railway Commissioners. I do not wish to give a legal opinion, but I believe the people will be protected to a greater extent than they have been in the past.

Mr. MARCIL: To complete this matter, the government is obliged to give in this country certain services which are not paying and where there is no competitive service. Supposing this new organization decides that a certain line does not pay; that they are losing too much money on it and that is the only line in the district carrying passengers, freight and mail; if the railway commission decides that this line must be abandoned, a new responsibility is put upon the government of looking after transportation, mail service and so on. That is the reason, I think, it would be wise that we should stand by the old principle that if a decision rendered by the railway commission is found to be unjust to a certain district and contrary to the public interest, there should lie an appeal to the governor in council. That should be provided for beyond a doubt.

Mr. MANION: There is nothing in this measure to change that principle in any shape or form. But at the present time railways are being abandoned without submission to anybody, the governor in council, the Board of Railway Commissioners or anyone else, and not only are we inserting this clause in this bill, but in a day or two I am going to have a clause inserted in the Railway Act for the same purpose, that is of forcing not only the Canadian Pacific and the Canadian National, but any railway in Canada, before they can abandon any line, to go before the Board of Railway Commissioners. Therefore we are at any rate protecting the people to a greater extent than they have ever been under any government in the past.

Mr. McINTOSH: I understand from what the minister has said that if a Canadian National railway branch line had been sanctioned by parliament before this bill was brought down to the house, the Canadian National could abandon that line, I mean temporarily, without the sanction of the Board of Railway Commissioners. Am I right in that?

Mr. MANION: Up to the present time the railway could abandon, although I am not sure about some of the branch lines and I do not wish to get myself on record in a wrong manner. I do not like to go into the same discussion again; I would prefer to avoid repeating myself, but I pointed out that the Canadian National Railway Company, according to section 23 of the Canadian National Railways Act, was not permitted to abandon lines without submitting the matter to the Board of Railway Commissioners. That included most of the branch lines that were built since 1923; they were all included in that and make part of the Canadian National Railway Company, so that in the past the railway could not abandon those lines without submission of the matter to the Board of Railway Commissioners. So far as that is concerned, we are making it applicable to every line affected by this bill; the Canadian Pacific, the Canadian National, the old Canadian Northern, the Grand Trunk Pacific, or any of those other lines cannot be abandoned without submission of the matter to the board.

Mr. McINTOSH: I am right then in concluding that the line I am referring to, in northwest Saskatchewan that had been sanctioned by parliament and had been abandoned, was not abandoned until the Board of Railway Commissioners gave approval?

Mr. MANION: I am afraid my hon. friend is using the wrong word. That line has not been abandoned. Abandonment means that where a line has been operating, the operation has stopped; it means stopping of operation. The line to which I understand my hon. friend refers was never completed and never operated.

Mr. McINTOSH: The construction was abandoned—the term is correct. We can correctly speak of abandoning construction operations.

Mr. MANION: That is not the proper term. The construction was not completed; that is what my hon. friend means. The line was not abandoned. When the Canadian National Railways have money enough to complete that line, I have no doubt in the world it will be completed.

Mr. MARCIL: For the information of my constituents, I would like the minister to give me the section which provides for an appeal by the people to the governor in council in case the railway commission sanctions the abandonment of any line. I know there is an appeal to the governor in council in the matter of rates, but is there a section which provides for an appeal in case of abandonment of a line? Is there anything in the Railway Act providing for that?

Mr. MANION: My legal adviser says no. Personally I thought there was an appeal to the governor in council from any decision of the railway board. I do not want to advance a legal opinion because I am not a lawyer, but in this bill there is nothing to alter the condition that existed formerly.

Mr. BRADETTE: In a case of dispute between the two railways, would the municipality interested in the dispute have a right to put its case before the railway board?

Mr. MANION: Oh yes, absolutely.

Amendment agreed to.

Mr. MANION: I think now the best way to proceed would be to start at the beginning and mop up, to use an old army term, as we go. What about the first clause? I do not suppose there is anything in a name. Some great writer has said that a rose by any other name would smell as sweet. What about adopting the short title?

Mr. HEENAN: Clause 2 is not carried yet.

The CHAIRMAN: We are now on section 1.

Mr. HEENAN: I wanted to ask a question on clause 2. I am trying to be helpful, and I would like to deal with that matter before we leave clause 2.

Mr. MANION: We are coming back to clause 2.

Mr. HEENAN: Some hon. gentlemen have not come here at all, let alone coming back. The minister promised the other night to consider inserting a provision in clause 2. Why not do that now and then we can start through the bill again. It was a clause with reference to the Industrial Disputes Investigation Act.

Mr. MANION: The hon. gentleman apparently did not quite catch what the chairman said. We are dealing with clause 1 now, and after we get through with that we are going through the act. Clause 2 will come next, and when we reach it I shall be glad to deal with the point raised by my hon. friend.

Section 1 agreed to.

On section 2—His Majesty bound.

Mr. MANION: The hon. member for Kenora-Rainy River made a proposal that instead of paragraph (a) of clause 2 we should insert the whole of section 179 of the Railway Act. I have studied that question. I have put it before the Department of Justice and I have taken the advice of the legal officers of my own department. They submit that by inserting section 179 of the Railway Act there is no greater protection for the railway men, and that it does complicate the act, becauses the first portion of section 179 deals with matters that have nothing whatever to do with the men. My hon. friend I know is anxious for compensation for the men under certain conditions, just as they are protected under the Railway Act. But under the bill as it now stands they are amply protected, and I would ask my hon. friend with all respect to withdraw his amendment. I am taking the opinions of the legal advisers who tell me that to accept my hon. friend's suggestion would only complicate the act and not protect the men any further.

Mr. HEENAN: I think there is a misunderstanding. I did not propose an amendment, but when we were discussing the clause I said that it was of little value as it stands now, and I would point out to the minister that notwithstanding the advice he has received from his legal advisers the clause as it stands is of little value. Section 179 of the Railway Act contemplates a different thing entirely from what this measure contemplates. Let me give an illustration.

The CHAIRMAN: There has been an amendment moved by the hon. member for Kenora-Rainy River.

Mr. POWER: Read it.

The CHAIRMAN: It reads as follows:

The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of the last preceding section are fully complied with, nor remove, close, or abandon any station, or divisional point nor create a new divisional point which would involve the removal of employees without leave of the board and where any such change is made the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence.

Mr. HEENAN: I had overlooked the fact that I had moved that. I thought that I had asked the minister to move it himself. I am glad that the minister is going to bring in a measure to amend the Railway Act because he may cover in that amendment the matter I am now bringing up. Section 179 of the Railway Act contemplates a situation such as this: If a railroad company desires for reasons best known to itself to change its terminals, say from Ottawa, to five miles away from the city, the railroad company must compensate its employees for the loss of property necessitated by the fact that they have to transfer to another point. Section 179 covers that situation fairly well. But when, under this bill, stations are abandoned, there will be many railway men dismissed; not dismissed in the ordinary sense of the word by telling them, "We do not need you any more. Here is your cheque. You can go," but there simply will not be any work for them to do. The men themselves will be abandoned, if I may use the word in that sense, and consequently they will not receive compensation for loss of property from that cause. I think the minister might very well make provision in the Railway Act itself, by amending section 179 of that act, and go beyond the present provision in section 179 which reads, "and where any such change is made the company shall compensate its employees, as the board deems proper, for any financial loss caused to them by change of residence necessitated thereby," because under this bill it would not be a loss of property caused through a change of residence necessitated by the changing of a terminal, but the

[The Chairman.]

loss will be through their jobs having been done away with and there being no work for them at all. I know that as a private member I have not the right to move an amendment along that line, because it would involve an expenditure of money, but I appeal to the minister to provide that the men will be compensated for financial loss caused to them by the economies effected hereby. Would the minister take that into consideration when he brings in his amendment to the Railway Act?

Mr. MANION: I do not wish to be in any way discourteous, but I would point out that the very point which the hon. member suggests was embodied in an amendment moved by the hon. member for North Winnipeg.

Mr. HEENAN: No.

Mr. MANION: Perhaps not in exactly the same words.

Mr. HEENAN: His amendment provided for compensation for all persons who lost their jobs.

Mr. MANION: But my hon. friend from Kenora-Rainy River, if I understood him, is suggesting that the same thing apply in regard to any changes that might be referred to section 179 of the Railway Act. I do not wish to go any further than section 179, which provides that in the case of the abandonment of any station or divisional point or the creation of a new divisional point which would involve the removal of employees the leave of the board must be obtained, and the company must compensate its employees for any financial loss caused to them by change of residence necessitated thereby. The point I am making is that they are protected under this new bill just as they were under the old act. In other words, in the new bill there is the statement that that part of section 179 of the Railway Act which relates to compensation to employees for financial loss is incorporated in the bill. I do not wish to go further than that. So far as we have gone in the bill, I am quite agreeable, but I do not wish to carry it further than that. Of course I will promise to consider anything, but there is no use of pretending to the hon. member that I am going to do something which I do not intend to do. I do not believe there is any likelihood of putting in the bill the provision he suggests.

Mr. HEENAN: Probably it is because I am not making myself clear, but I believe the minister does not understand me. Section 179 of the Railway Act contemplates one thing, and I admit that the measure as it now stands probably takes care of the provision contained in the act. But the bill now before us creates a different condition, and we should apply section 179 to that new condition.

Let me give an example which will be familiar to the minister and myself. Let us suppose that the Canadian National and Canadian Pacific Railways, and the railway commission, agree to abandon the town of Sioux Lookout as a terminal point. The railways are not moving the terminal, they are not creating a new terminal; they are not moving employees from one point to another. Railroad organizations will have to negotiate to ascertain which of the men will have the right to follow the work. Those who do not secure work will not only lose their job, but they will lose their property as well, because there will be nothing in Sioux Lookout for them to live by. I realize that to cover such a situation a few more thousands of dollars would be required. I do not wish the minister to make any promise not only to the men who have been transferred but to those men who have lost their jobs, their residences and property, unless he believes sincerely that something can be done. I do not wish him to promise that they will be compensated for the loss of that property, unless he can do something.

Mr. MANION: I know the towns of Sioux Lookout and Rainy River as well as does the hon. member, because we both come from that section of the country. As a matter of fact I do not believe there is any likelihood of either point being abandoned. But should they be abandoned I submit under the act the men will be protected, and I think the hon. member agrees with that statement. At any rate I submit that is so because section 179 distinctly states that in case of abandoning a station or divisional point or creating a new divisional point the men will be compensated. So in case of an abandonment the men will be compensated by virtue of that amendment.

If I understood the hon. member correctly he wishes to go further and say that if in this divisional point men should lose their positions they should be compensated because of loss of employment. We could not have a law to look after employees at Sioux Lookout and Rainy River and not have a law to look after employees at Winnipeg and Port Arthur. I have said that the hon. member's suggestion is similar to that made by the hon. member for North Winnipeg. I do not believe in promising what I do not intend to do.

There is no use promising something which I cannot carry out.

The hon. member for Kenora-Rainy River has placed himself on record as wishing to go farther than the legislation provides. I appeal to him to let the bill go through as it is.

Mr. HEENAN: I suppose it is an Irishman's privilege to keep on talking until he is understood.

Mr. MARCIL: There are two Irishmen here.

Mr. HEENAN: I point out to the minister that I was not asking for a special consideration for employees at Rainy River or Sioux Lookout, but was merely stating their case as an example. I should hope the measure I suggest would apply to all railroad employees in Canada. Again I point out that my proposal was entirely different from that moved by the hon. member for North Winnipeg. The hon. member asked for compensation for all those who lost their positions. I am asking not only for compensation for loss of positions, but I am asking this: If a railroad company abandons a station because of the merging of services, and some of the men who are not required are dismissed, then we should compensate those people for loss of residence. They are as much entitled to compensation as those who are transferred to another point. Let me give the example again. Supposing the Canadian Pacific wanted to change their terminal from Ottawa to a point five or six miles out. Under the act they compensate me for the loss of my property rights, so that employees may go and build a home at the other terminal point. That is what is contemplated under section 179. But under the new bill the Canadian Pacific Railway may abandon Ottawa entirely. Under the present regulations the railway companies and the men will get together to negotiate how many men in Ottawa are entitled to move to another point to secure work. In those circumstances the men transferred will come under section 179 of the Railway Act and receive compensation for loss of property. But if half a dozen men owning property in Ottawa are dismissed because of this economy I suggest they are entitled to compensation for loss of property. I do not wish to delay the committee, but I should like the minister to take this matter into consideration. I suggest to the minister that instead of accepting or rejecting the amendment now before us he just insert the words "under section 179 of the Railway Act."

[Mr. Manion.]

The CHAIRMAN: The hon. member cannot move an amendment to his own amendment before we dispose of this one.

Mr. SPEAKMAN: The minister said a few moments ago that he had discussed with various officers concerned, the matter of embodying in this bill the whole of section 179 of the Railway Act. A number of hon. members are very much interested in that point, quite apart from the protection it will afford the employees from a financial point of view. It will be recognized by the minister and by the committee, I believe, that in the case of an abandonment of a terminal point, people other than employees are, in a financial sense, vitally interested. I can perhaps do no better than give a concrete illustration of just what can happen under such circumstances. This particular case, although relating to a comparatively small point, was pretty well advertised at the time, it may be in the recollection of the minister although he was not minister then. In my riding at that time, although not now, was a small divisional point, termed Big Valley. It was largely a railway point, depending almost entirely on the fact that it was a terminal point. Based upon the fact that a large proportion of the population were railway men the village erected a fair sized schoolhouse, sold debentures and generally obligated itself for a very large sum considering its population, in order to take care of the railway men's families. When a point of that character is abandoned, a small point where a large proportion of the inhabitants were railway men and their families, they of course suffer very severely. Many of their houses are standing abandoned, some were purchased for a song by the farmers and hauled out on the farms thereabouts. They lost all value in fact. The men suffered severe financial loss, and I am in full sympathy with what has been said with respect to protecting those men. But I understand they were protected by the particular provision in the act referred to, whatever that protection is worth.

Mr. MANION: As far as they were concerned.

Mr. SPEAKMAN: Yes, they have been dealt with as far as that section goes. But I want to point out to the minister and to the committee that no protection is provided in this bill—in fact protection is precluded by the fact that part of the section only is referred to—no protection is provided for the village itself and others who suffer, although not employees. Under the entire section 179

such people were given some slight protection; at least to this extent, that they did receive notice and were entitled to lay their case before the railways and before the railway commission before the transfer took place, and to endeavour at least to get some recompense. I think it will be recognized by every one that under those circumstances, where a small community has erected public utilities, schoolhouses and so on far beyond its normal needs and sold debentures based on the railway property and the railway men as taxpayers, and then those men are removed because of a change of policy on the part of the railway, the village itself and the rest of the inhabitants suffer almost as much as the railway men, and by this bill no protection whatever is given them. I am not going to labour that point, but I had hoped that when the question arose as to reference being made to the entire section, that point of view would have been given consideration, and those interested, the municipal authorities and others, given notice of the contemplated action and a right to appear and lay their case before the board with the possibility of receiving compensation.

As I recollect, neither the men nor the village in this case received any compensation. There seemed to be some loophole, through the abandonment not being an entire abandonment. The abandonment was practically speaking complete, but some half dozen men or less were left with a caretaker's job, and technically the abandonment had not taken place although in actual effect it had. The place is not in my riding, and the matter has not been brought to my attention for some years, but as I remember it, not one dollar of compensation was received by the men or the municipality. But the section did contemplate that protection should be given, and under this bill; by the reference being limited to that part of section 179 which deals only with compensation to the men, any possibility of compensation being awarded to or representations heard from the municipal authorities and others affected is completely eliminated. I recognize of course that the mere fact that section 179 is not specifically referred to does not necessarily mean that it will not govern, it simply says that the act will prevail over all inconsistent provisions with the exception of certain specified sections. If that part of section 179 proves to be inconsistent that part would still prevail. It does not say that the rest of section 179 will necessarily be inconsistent, but by the fact that one part is picked out and referred to and provision made that even if it prove inconsistent it will still prevail, I think we may fairly take it for granted that the balance that is not referred to will be considered as inconsistent and so will be eliminated. I do not know whether that particular aspect, and the conditions I have referred to and the position of others than employees has been given consideration. If not I do hope the minister even at this late hour will consider that viewpoint and will see to it by the inclusion of the entire section if possible that this amount of reasonable protection will be afforded to those interested.

Mr. GEARY: I happen to know the Big Valley case, and I am free to say it was not a satisfactory decision. The finding of fact by the railway board was that the divisional point at Big Valley had not been abandoned, and therefore the section did not take effect. Subsequently the railway employees strove to get an amendment to section 179, I think it was at the last session, to cover such a case. That amendment was refused. But my hon. friend from Red Deer (Mr. Speakman) is a little in error I think in his construction of section 179. I know of nothing in the section as it now stands that enables any compensation to be paid to other than employees. It is simply protection for employees. The Big Valley case was heard in the west, and doubtless the municipal authorities of Big Valley itself appeared and made representations.

Mr. SPEAKMAN: That is what I said, it at least gave them notice, and opportunity to be heard.

Mr. GEARY: There will be no difference under this proposed act. The railway board could either hold its sessions in private, or could give notice and let representations be made by the municipality; there is no change in this bill in that regard, so that whatever benefit there may have been in the forepart of section 179 is not interfered with by the present bill.

In regard to the section the hon. member for Kenora-Rainy River (Mr. Heenan) dealt with, complaint is made that by pooling services between, say, Toronto and Montreal, some men are left without work. That pooling has not taken place under this bill. It might have taken place any time within the last fifteen or twenty years. It would be governed, if at all, by section 179 of the Railway Act. Pooling may take place under this bill, but only by arrangement, such as can be made now. My friend wants to amend section 179. I submit his proposition is not

in order at this time, because we are not discussing the Railway Act. If he seeks to amend section 179 by including in it some provision that every man who is deprived of work through an arrangement between the railways is to be given some sort of compensation, that is a very drastic change. Without seeking to stop my hon. friend—it would be rather late to stop him—I think his amendment deals with a matter that is not before the committee. His speech in terms suggested that the minister consider an amendment to the Railway Act. The minister says he will, but it has nothing to do with what we are now discussing.

The CHAIRMAN: Is the hon. member raising a point of order?

Mr. GEARY: I do raise a point of order, namely, that we shall get nowhere in the consideration of this bill if we discuss a proposed amendment to an entirely different act.

Mr. MARCIL: The hon. member seems to be familiar with the Railway Act. May I ask him whether under the new system authorization will be given to abandon any divisional point or junction at the sweet will of those who may have charge of the matter, as happened at Matapedia in my own constituency, which had been a divisional point for forty years, connecting Gaspe with the Intercolonial. The change was made overnight from Matapedia to Campbellton, New Brunswick, in another province. The railway leaving Gaspe runs two hundred miles to Matapedia, and that has been the divisional point for the last forty years. Now the Canadian National has shifted the terminus from that point to Campbellton, thirteen miles away, involving the dismissal of all officials, because they say it is cheaper for them to go to Campbellton than to keep the terminus at Matapedia.

Mr. GEARY: Has that been done?

Mr. MARCIL: Yes.

Mr. GEARY: But not under the proposed act.

Mr. MARCIL: No, but I am asking whether there will be any change in this regard. Matapedia was the terminal point fixed by the Quebec legislature when it incorporated the road. At that time it gave subsidies, fixing the terminal there, and now it has been removed to another province, adding thirteen miles to the run. Surely that is ridiculous. A man reaches Matapedia and he has to go on to Campbellton and then come back to Matapedia on his way to Montreal. Is there any sense in that?

[Mr. Geary.]

The CHAIRMAN: As I understand the point of order raised by the hon. member for South Toronto (Mr. Geary), the case cited by the hon. member for Bonaventure would not fall under the amendment which is being considered and which deals only with employees. I cannot see anything in the rules to prevent an hon. member seeking to repeat in a bill under consideration a principle embodied in another statute. The amendment would therefore be in order. Is the committee disposed to vote on the amendment?

Mr. MANION: The hon. member for Red Deer (Mr. Speakman) brought up a question which has been answered by one of my hon. friends from Toronto. I wish to point out to the hon. gentleman something that he has forgotten. At the previous sitting of the committee an amendment was moved to section 16 under part II of the bill dealing with co-operation. The amendment was as follows:

> Where the execution or carrying out of such a measure, plan or arrangement involves the doing of any act which by any statute requires the leave, sanction, assent or approval of the Board of Railway Commissioners for Canada, no such measure, plan or arrangement shall be effective without the approval of the said board.

So that we made it absolutely subject to the approval of the board, where it would have been in the ordinary course of events so subject. So far as the rest of the act is concerned, it is in the same position as before.

Mr. MARCIL: Has the matter to which I have referred been brought to the attention of the minister? I refer to the moving of the terminus from Matapedia to Campbellton. It is a grave injustice.

Mr. MANION: I do not remember who drew it to my attention but someone did because I am familiar with it. The matter is entirely in the hands of the management, and if they were required to go before the board I presume they did. At any rate I had no power over them. Every abandonment, whether of a station or a ticket or freight agency, is a matter that is dealt with by the management, and though protests did come from that section of the country, I had no jurisdiction any more than I should have in connection with the Canadian Pacific, if they decided to change some routing or terminus. I would point out to the hon. gentleman, however, that in so far as they had to appeal to the Board of Railway Commissioners under the existing Railway Act there will be no change in this legislation.

Mr. MARCIL: I am sorry to hear the minister say that because certainly a grave

injustice has been done the locality in question, and I was wondering whether the minister would have allowed such a thing to happen.

Mr. MANION: I had no power to stop it.

Mr. MARCIL: We are now dealing with the economy program, and I want to put this to the minister. Why should twenty-six miles be added to the service between Gaspe and Montreal? The train reaches Matapedia and then runs back eastward over the same ground another thirteen miles.

Mr. MANION: As the hon. member explains it, it does sound most illogical, and that argument was advanced by those residents of the district who wrote to me. As I usually do in all such matters, I submitted their representations to the management of the Canadian National and they made a reply which I must say was satisfactory to them. I do not say it was satisfactory to me, because I am not competent to pass on the technical side of railway questions; but from their point of view, from the point of view of the economy which would be effected, they claimed that the change was to their advantage. I saw the difficulties which my hon. friend points out, and there were also political disadvantages which I should have been glad to have them appreciate, in moving the terminus from one province to another; I knew it would cause considerable difficulty. But they stood by their guns, they maintained that their position was sound, and they explained to me to their own satisfaction that the change was better for them. I had no power to alter their decision.

Mr. MARCIL: I would point out to the minister that the employees were not compensated. The place was simply torn down and Campbellton made the terminal point. A grave injustice has been done not only to the employees but to the locality itself, and I submit that there should be in this legislation or in the Railway Act some provision that would prevent the recurrence of such a change. I know that if the terminus had been removed from Campbellton, New Brunswick, to Matapedia, Quebec, we should have heard from the New Brunswick members; but as a rule we are peaceable and law-abiding in Quebec and we allowed the government to deal with the matter. I impress upon the minister that a grave injustice was done, because the road was built originally with subsidies from Quebec and the terminus was fixed at Matapedia. It remained there for forty years, and suddenly one day the Canadian National Railways step in and remove the terminus to a point in New Brunswick thirteen miles away, notwithstanding that there is no advantage to be gained from the change; for any railway man will inform the minister that the addition of twenty-six miles, running up and down, morning and night, is an absolute loss which is not compensated by the dismissal of the officials. There is another objection. The train leaves Gaspe and runs two hundred miles through rough country and it must reach Campbellton one hour ahead of the time it reaches Matapedia if it is to connect with the Ocean Limited westbound. If it does not reach Campbellton an hour earlier it cannot connect with the Ocean Limited, and that means that it must leave Gaspe very early in the morning. The result is that the people in that district are put to considerable inconvenience having to take the train at the earlier hour. His Lordship Bishop Ross objected to this and Sir Henry Thornton, when he had the management of the Canadian National Railways, fixed the departure of the train from Gaspe at eight o'clock in order to have it meet the Ocean Limited westbound at Matapedia.

Let me point out to the minister that the Gaspe railway is the best feeder which the Canadian National Railways have east of Montreal. This has been conceded. When Sir Henry Thornton went away the change was made and now the train reaches Campbellton too late. Fresh fish in the fishing season and general merchandise are consequently held up for twenty-four hours. As I say, there is no advantage whatever from the change but on the contrary an additional mileage of twenty-six miles. The passenger has to get off at Matapedia and wait an hour or an hour and a half or run up to Campbellton, covering a distance of thirteen miles each way. I repeat, this is a grave injustice to that section of the country, and I think the minister should amend the act to provide that in the future no such radical change shall be made before the people of the locality are heard by the board.

Mr. MANION: I will take the remarks of the hon. gentleman into consideration.

Mr. ELLIOTT: When we were discussing this section before, the minister referred to a matter that had been brought up with regard to pensions of those who were under sixty-five years of age and had been forty years in the service. As the law now stands he would not get a pension until he had reached the age of sixty-five years. If a man is laid off because of a duplication of services, the suggestion is made that his pension could be calculated even though he

has not reached the age of sixty-five. The advantage in this would be that the pension paid would not be as large as if he had waited until he had reached the age of sixty-five, and should an opening occur he would be out of the way to make a place for someone who was unemployed. When this matter was being discussed before the minister said he would take it under consideration.

Mr. MANION: I am afraid I cannot suggest a solution of this problem at the moment. It is something which the management will have to take into account when dealing with pension arrangements. As I pointed out the other day, this whole question of pensions is very complicated. I have a memorandum outlining the different schemes and the closest compass in which an explanation could be given was three closely typewritten pages. I shall be very glad to submit the hon. gentleman's remarks to the management but I do not think we could include anything in this bill to deal with pensions. That is an arrangement which has been altered at times by the railways and it dates back to the old days of the Grand Trunk. There are at present three systems of pensions, the Grand Trunk railway provident fund, the Intercolonial and Prince Edward Island Railway employees' provident fund and the present Canadian National pension plan. I believe it is the intention of the Canadian National and the Canadian Pacific officials to deal with all pension matters as affecting railway employees. I understand that the railway employees themselves have suggested that the pension schemes be made contributory. I have no doubt that when these matters are being considered, the men's unions will see that they are not lost sight of.

Mr. ELLIOTT: I hope the minister means that he will recommend to whatever tribunal is dealing with this matter allowance of pensions to those who have been deprived of their positions before reaching the age of sixty-five years.

Mr. MANION: Speaking from memory and not wanting to be too definite, I understand that where a man has been working for the company for fifteen years, he is entitled to pension when retired.

Mr. ELLIOTT: I happen to have the pension regulations before me and I should be very glad if the minister would point out that provision. I should like to quote from the rules and regulations which were passed under the provisions of the Canadian National Railways Pension Act, chapter 4, 19-20, George V (1929). Section 8 reads as follows:

Subject to confirmation as provided in rule 4, such pension may be granted by the pension committee to employees on their retirement from the company's service in the following cases:—

(a) To an employee retiring at the age of 65 years or over, with 15 or more years of service to his credit.

In that case he has to be sixty-five years or over.

(b) To an employee of the age of sixty and under sixty-five years with 20 or more years of service to his credit retired by reason of permanent physical or mental disability upon the certificate of the company's chief medical officer that for such reason the employee is unfitted to follow his usual or any other suitable employment in the company's service.

(c) To an employee who, after 10 or more years of service to his credit, becomes incapable of continuing his service by reason of injuries received whilst actually at work in the employment of the company, but only for so long as his incapacity shall continue.

(d) To an employee of the age of 50 years and upwards with 15 or more years of service to his credit who is discharged from the company's service otherwise than for misconduct.

Mr. MANION: That covers the point I was making.

Mr. ELLIOTT: If he is fifty years and upwards and is discharged from the company's service otherwise than for misconduct. There would be a very few who would come under that clause after having been in the employ of the company for forty years; they would have to have started work at a very early age.

The CHAIRMAN: Before proceeding with this question would the committee first dispose of the amendment moved by the hon. member for Kenora-Rainy River?

Mr. ELLIOTT: I think we would save time by discussing both matters together.

Mr. MANION: I think there are many cases where an employee under the age of sixty-five years receives a pension upon being retired. I have under my hand the memorandum to which I referred a moment ago, and I think it would save time to put on record the particulars of the different schemes. The first scheme is the Intercolonial and Prince Edward Island railway employees' provident fund, which provides for pension in the following cases:

(a) Those who have attained the age of 70 years after being 15 years in the service.

(b) Those who after 15 years in service become physically or mentally incapacitated from following their usual occupation in the service.

That would be at any age.

(c) Those who have attained the age of sixty after being 15 years in service and request to be retired.
(d) Those who are permanently disabled as a result of injuries received whilst on duty and actually at work in the service.
(e) Those who prior to the coming into force of this act entered the service at such advanced age as to cause them to reach the age of 70 before being 15 years in the service; provided that on attaining the age of 70 they have been at least 10 years in the service.

The Canadian National Railways Pension Act provides for pension in the following cases:

(a) To an employee retiring at the age of 65 or over, with 15 or more years service to his credit.
(b) To an employee of 60 and under 65 years with 20 or more years service retired by reason of permanent physical or mental disability on certificate of company's chief medical officer that employee is unfitted to follow his usual or other suitable employment in the company's service.
(c) To an employee who after 10 or more years service becomes incapable of continuing by reason of injuries received while actually at work in the company's employ, but only for so long as his incapacity continues.
(d) To an employee of 50 years and upwards with 15 or more years service who is discharged otherwise than for misconduct.

I think that is a pretty wide range and I think quite a few of the points mentioned by my hon. friend are covered. Apparently he has given a good deal of study to this question and if he will advance any of his ideas to me I shall be very glad to pass them on to the railway company. I shall bless them on their way, if he wishes.

Mr. HEENAN: As regards the amendment which stands in my name, I want to point out to the minister that I was trying to be helpful, and I still want to be. It is true that when I spoke on the amendment, I pointed out to the minister that I did not think my own amendment would really fill the bill under the new plan. I asked that he would consider bringing in an amendment to the Railway Act and so far he has not felt disposed to accede to that request; in fact, I think he has finally decided that he will not bring in the amendment that I requested.

There are several reasons why the amendment I have before the committee at the moment should be incorporated in this measure. One is that the minister himself brought in an amendment which changes this bill; in other words, he is amending it so that instead of the railway companies having power to do all these things that were enumerated several days ago, those matters would be put under the railway commission. I think the minister will recall that he brought in an amendment the other night—I do not know whether it was carried—putting many of these operations, such as abandonment of lines and so forth, under the railway board instead of the arbitral tribunal. If we adopt this bill now, we say, and I want the minister to pay attention to this:

The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts, but so that

And then follows "that part of section 179." Does he see what we are doing? We are putting these matters under the railway commission and we are giving them only "that part of section 179." I think the minister could cut out all that. I cannot move an amendment to my amendment in order to add anything—

Mr. ERNST: Oh, oh!

Mr. HEENAN: Of course some hon. members coming from behind the curtain have to laugh because they do not know what is being discussed.

Mr. ERNST: I am not behind the curtain.

Mr. HEENAN: About the only time I get annoyed is when some hon. member who is not taking an interest in the welfare of the railway workers of Canada comes from behind the curtains and laughs.

Mr. ERNST: I have taken far more interest in the railway workers of Canada than my hon. friend has done.

Mr. HEENAN: I have the floor.

Mr. ERNST: I have not been behind the curtain. I have been sitting right here.

Mr. HEENAN: The hon. member ought to be behind the curtain.

The CHAIRMAN: The hon. member for Kenora-Rainy River has the floor.

Mr. ERNST: I should not be described as being behind the curtain and I ask the hon. member to retract that particular statement which is false.

Mr. HEENAN: It is surprising to me how the hon. member thinks I was alluding to him.

Mr. ERNST: I am quite sure the hon. member was.

The CHAIRMAN: The hon. member must admit that the hon. member for Kenora-Rainy River has the floor.

Mr. ERNST: But he must not make allusions which are obviously directed to me and which are not in accordance with the fact.

The CHAIRMAN: The hon. member said that he was not speaking of the hon. member for Queens-Lunenburg.

Mr. HEENAN: I did not accuse any specific member of being behind the curtain, but any hon. member who interjects these "smart Aleck" remarks should be behind the curtain.

Mr. ERNST: I am sorry I did not hear the hon. member.

Mr. HEENAN: I shall not continue until these "smart Aleck" remarks from the Tory party stop.

The CHAIRMAN: The hon. member must use parliamentary language. That expression is not parliamentary.

Mr. HEENAN: I mean these gentlemen on the Tory benches.

The CHAIRMAN: The hon. member has the floor and he has had it all afternoon on this amendment. He knows he should not address personal remarks to his colleagues.

Mr. HEENAN: I object to the Chairman's remarks, because he sits in this chair listening to these "smart Aleck" remarks and does not take note of them.

The CHAIRMAN: The Chairman has to sit in his chair, but once in a while he listens to remarks that cheer him up.

Mr. HEENAN: I say again that the minister has now brought in an amendment which gives to the railway commissioners powers that he had formerly given to the arbitral tribunal. I am not suggesting that this is entirely wrong; it is just a change of conditions. Now with the change of conditions, we have only one part of section 179 exempt from the provisions of the bill. All I want to do is what I think the minister intends and ought to do, namely, to provide for the whole of section 179. In my amendment I have moved the whole of the words of that section and I submit that we could very well include a further provision here. Somebody else might do it. I should like the minister to accept section 179 of the Railway Act. That is all I want done.

[Mr. Ernst.]

Mr. MANION: This is the hon. gentleman's amendment. I have explained, not once but a number of times, why this cannot be done. I have given reasons and I do not wish to go over the ground again.

Mr. HEAPS: Section 179 has not been very satisfactory to the railway employees. I do not think there is much doubt as to that. The statement made this afternoon by the hon. member for Red Deer gave one very concrete illustration as to how the section worked in the past. In addition to that we have had the spectacle this year of the railway employees appearing before a committee of the house asking that section 179 of the Railway Act be changed in order to give it a fairer interpretation so far as they are concerned, than it has had. That was turned down by the railway committee and I presume the section as it stands will remain in operation.

The CHAIRMAN: I do not know that the hon. member can criticize a law unless he wants to ask that it be repealed.

Mr. HEAPS: I can discuss it.

The CHAIRMAN: I am trying to do my duty the best I can. I do not want to be discourteous. The rule is clear that one cannot discuss a law unless one wants to ask for its repeal. This amendment deals with the bill before the committee, not with the Railway Act. The hon. member is quite in order to discuss the amendment, but I do not think he would be in order to discuss the Railway Act.

Mr. HEAPS: I am not discussing the Railway Act in its entirety; I am discussing section 179 which is specifically referred to in both the resolution and the amendment now before the committee.

The CHAIRMAN: Then the hon. member is in order.

Mr. HEAPS: Section 179 has proved to be very unsatisfactory to the railway employees. Further, if the bill now before the committee becomes law, the effect will be that under section 179 there may have to be many more appeals to the railway commission. The Minister of Railways this afternoon gave an interpretation of the act, but I do not think he had an opportunity of consulting with his legal adviser before he made the statement on the floor of the house. If the railway commission were hearing any appeal under that section, I do not know whether they would take the same broad view of the ques-

tion which the minister has taken here, because in the past they have followed a very strict and narrow interpretation of the act, and that is what we are complaining about. Furthermore, what may happen under this new measure for cooperation is that the lines may have to be abandoned, and before that abandonment takes place the men in the railway service will have to be dispensed with. A week or two after they have been dispensed with, the lines will be abandoned. The men's employment has been done away with, and they are left with their little properties in these towns with absolutely no redress under section 179 of the Railway Act or under this measure. If the minister will not give me one hundred per cent of what I ask, he might give me a small portion. He seems to be in rather a generous mood this afternoon, and I would ask him to take into serious consideration, not simply throw the suggestion into the waste paper basket, the enactment of a provision that will give to these men compensation even to a limited degree, especially when they have put their life savings into a home in some railway town and find not only their work gone but the value of their property wiped out; because when lines are abandoned, either wholly or in part, the value of the property disappears. I appeal to the minister to include in this act or in an amendment to the Railway Act a provision if not to compensate the men for losing their jobs, at least that they shall receive some compensation for the property they may lose.

Mr. HEENAN: Let me put it to the minister in another way. First let me ask him, does he intend to deprive the railroad men of the rights which they now have under section 179 of the Railway Act? I take it that the minister would immediately say no, and I see he nods his head. What I fear is this, now that we are putting all these things back under the railway commission. As we refer to only part of section 179 of the Railway Act, then by inference the other part of section 179 is inconsistent with the provisions of this act. I fear that the government unintentionally is taking away the privileges which the employees now have. I do not want to go into another lengthy discussion on this thing. I feel that I am making a fair and reasonable appeal to the minister. If there is any delay I am willing to take the blame for it on the ground that I have not been able to make myself understood, but the more I look into it the more plainly I see that when you mention only part of section 179 of the Railway Act, then by inference you say that the other part of section 179 is inconsistent with the provisions of this act. Although section 179 does not satisfy me, as the minister knows by now, I think that the least we can do in order to preserve for the employees the protection which they now have, and not take anything away from them, is to include the whole of section 179.

Mr. MANION: I do not wish to go into a lot of detail. The reason I object to section 179 going in in toto is that it refers to section 178. The beginning of section 179 has nothing to do with the employees. Reference is made in section 179 to section 178, and 178 deals with such matters as deviations, changes and alterations; plan, profile, and so forth; sanction; the depositing of plan, profile and book of reference; it provides that the company may execute works, and that the board may dispense with proceedings. A lot of matters are dealt with in section 178, to which section 179 refers, which have nothing whatever to do with the employees of the railway.

I take it that the attitude of the hon. gentleman is to protect the interests of the employees. I submit—I shall not repeat it again whether we vote on this or not—that that part of section 179 which is included in this bill protects the employees so far as they can be protected under section 179. If you put in the whole section you deal with a lot of matters that would interefere to a certain extent with cooperation, and would have no effect on the employees at all but would only complicate matters. To show how the hon. gentleman must be wrong, he says that because we refer to a portion of section 179 then by inference the rest of section 179 is put out of court. If his contention is right, then because we mention the Maritime Freight Rates Act, all other acts must be out of court. That cannot be right because this act prevails over any other act except where the provisions of this act are inconsistent with the provisions of some other act.

I do not intend to argue the matter any further. The hon. gentleman has put himself on record, and certainly I have. I submit in conclusion that section 179, so far as it protects the men, is incorporated in this act. With all due respect, and I say this with no disrespect whatsoever for my hon. friend, I prefer to take the opinion of the Justice department and of my own legal advisers as to the interpretation of the act rather than the word of my hon. friend. I must accept the word of the Justice department and of my legal advisers because neither my friend nor I is a lawyer.

Mr. HEENAN: I wish that I were arguing against the Justice department or against the minister's legal adviser because I might be able to convince him that he was wrong. The argument which the minister has just put up convinces me that I am right. Section 2 provides:

> The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts, but so that,—
> (b) the provisions of the Maritime Freight Rates Act; and . . .
> shall not be deemed to be inconsistent with the provisions of this act or to be in any manner affected thereby.

Why do we say that?

Mr. MANION: Just to emphasize it.

Mr. HEENAN: That is the point. The minister and I are agreed. It is just to make sure that the Maritime Freight Rates Act is not disturbed. The next paragraph alludes to the Crowsnest pass rates, not in so many words, but that is what it means. It is necessary to emphasize it. What I want the minister to do in the few sections that relate to labour is to emphasize the fact that labour is protected.

Mr. MANION: We have done that by putting in that part of section 179 of the Railway Act.

Mr. HEENAN: Why put in just a portion of section 179? I admit that the minister is right in saying that section 178 relates to other matters, but we have left out entirely the first portion of section 179 which says:

> The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof . . . nor remove, close, or abandon any station, or divisional point nor create a new divisional point which would involve the removal of employees, without leave of the board.

Are we going to leave that out?

Mr. STEVENS: It also says, "until the provisions of the last preceding section are fully complied with." My hon. friend did not read that.

Mr. HEENAN: That means section 178. I admit that the thing is complicated because of the fact that it has not been considered.

Mr. ERNST: As an engineer put your hand in your own pocket.

Mr. HEENAN: Is that coming up again? I want the minister to give this matter serious consideration because so far as I am concerned this bill cannot go through this house in this way. We have only asked the Minister of Railways to protect the labour men in this country. We are not getting that; we are not even getting consideration, nothing but "ya-ha's" from the Tory benches.

Mr. MANION: I rise to a point of order. The hon. gentleman blew up a filibuster the other day, and got a lot of headlines in the newspapers. I object to the statement he has just made, and I would ask him to retract it. He says all he gets from the Tory benches is a lot of "ya-ha." What it means, I do not know. The Tory benches are giving as much consideration to the working men as is the hon. member. I object to the statement, and I want it retracted.

Mr. HEENAN: That does not worry me a bit.

Mr. MANION: I want a ruling.

Mr. HEENAN: I will withdraw it, right now, and substitute for it anything else that will stand for the same thing. The Minister of Railways has a bill before us which means the amalgamation of the railroads of Canada.

Mr. MANION: It means nothing of the sort, and the hon. member knows it.

Mr. HEENAN: It means harm to 40,000 railway men of Canada.

The CHAIRMAN: I ask the hon. member to keep to the terms of the section, and the amendment thereto.

Mr. HEENAN: I am asking for the protection we had under section 179, before this bill was drafted. Part of that protection is being taken away from us.

Mr. STEVENS: No, no.

Mr. HEENAN: I say, yes, yes. If you do not want to take it away from them, include it in the measure and accept the amendment.

The CHAIRMAN: The hon. member must abuse the chair, if he wishes to abuse anybody.

Mr. HEENAN: It is hard to do it when hon. members are interrupting so much.

The CHAIRMAN: I have to keep the hon. member within decent bounds.

Mr. HEENAN: Why worry about it?

The CHAIRMAN: I am here to have the rules of the house respected.

Mr. HEENAN: It is a funny thing that if anybody rises to talk about labour matters he is the only man who is ruled out of order.

The CHAIRMAN: That remark was absolutely uncalled for, and I ask the hon. member to withdraw it, otherwise I shall have to take the necessary measures. I have to do my duty, and I shall do it. I ask the hon. member to withdraw the statement.

Mr. HEENAN: What statement?

The CHAIRMAN: The statement the hon. member has just made.

Mr. HEENAN: I will withdraw the statement I have just made. What was it?

The CHAIRMAN: If the hon. member does not know what he is talking about, it is not my fault.

Mr. HEENAN: We have before us a bill which means more to the railway men of Canada than any other measure which has been introduced into this House of Commons. Instead of the government considering my amendment there is presented the spectacle which we see every time one of us gets up.

Mr. MOORE (Chateauguay): You are making a spectacle all right.

Mr. HEENAN: Every time hon. members on this side of the house rise to try to protect the railway men we get just what we are receiving now from the Tory benches. When I spoke before I did not refer to the Minister of Railways or to the government, but to the speeches of hon. members sitting behind the government. However, that is past, and I am still appealing to the minister to give the protection to the railway men of Canada that they had prior to the initiation of the bill.

Mr. MANION: They have it in this legislation.

Mr. HEENAN: They have no such thing, and you cannot tell me that they have it. If they have it in the bill, be as specific in this measure as you were with the maritime freight rates legislation. Include the whole of section 179 of the Railway Act, and not only one part of that section. If the minister is content that he is taking nothing away from the railway men, and that they will still receive the benefits of section 179, I suggest that in the measure he use the words "section 179", not "that part of section 179." The Minister of Trade and Commerce shakes his head, as much as to say that it cannot be done.

Mr. STEVENS: It is not that.

Mr. HEENAN: I know that section 179 of the Railway Act contains the words "until the provisions of the last preceding section are fully complied with." I know that it is all mixed up. But in eliminating those words you also eliminate the words "the company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof"—until the railways submit to profiles, plans, and other things enumerated, and so on.

Mr. STEVENS: Will the hon. member permit me to say a few words? We have listened this afternoon to a full discussion of this matter, and have gone over the whole field a number of times. In his desire to meet the wishes of the hon. member the Minister of Railways has violated the rules of the house, due to the fact that he has had to indulge in tedious repetition; to my knowledge he has repeated his explanation at least four or five times. May I appeal to the hon. member to be just to the government and those who are seeking to pass the measure. We have carried into the new bill all that portion of section 179 which refers to the compensation of employees.

Following the explanations made by my colleague the Minister of Railways, let me explain the whole matter again. There is another part of section 179 which deals with the deviation of lines, and deals particularly with terminals and railway stations. The details of that part of section 179 are set forth in section 178. There are some portions of the section which, if carried into the bill in toto, would disturb the whole structure of it. That would be easily understood if anybody were to read section 178 carefully. The government have considered the matter with great care, have submitted it to the law officers of the Department of Justice and the Department of Railways, and we have been advised that it would be legally unwise to carry the whole section into the bill. The hon. member will observe that we have specifically and definitely carried into the measure, the provision concerning compensation to employees. I ask the hon. member and the committee if they have not discussed this clause long enough. We regret we cannot satisfy the hon. member's wish but we have explained to him the extent to which we have gone. We ask that the committee help us to make a little more progress with the bill, and we do not ask it in any spirit of bitter, specious or captious opposition to the hon. member's views. It is our earnest desire to meet him, but we cannot meet him in the extreme view he takes in regard to section 179.

I think we have been reasonable. Certainly the Minister of Railways has been patient, not only to-day, but during the long

and tedious discussion which has taken place throughout the progress of the bill, a discussion which has spread over many, many days. After all, some consideration should be given to anyone piloting a bill such as this through the House of Commons. We are anxious to meet the views of hon. members opposite. In fact, the minister has in his hand some other amendments which he is anxious to move, and which will meet the views of hon. members opposite. Already two of those amendments have been carried. We are not seeking to be objectionable, we are trying to be reasonable, but we cannot meet the hon. member in this respect. As his amendment is before us, surely we can take the sense of the committee in regard to it.

Mr. HEENAN: I hope the Minister of Trade and Commerce will give me credit at least for trying to be considerate. I have been patient, as long as hon. members on the government benches allowed me to be so. But the Minister of Trade and Commerce has not yet convinced me; it may be because I cannot be convinced. I admit that as far as the compensation is concerned we have it included in paragraph (a) of section 2; but I want the Minister of Trade and Commerce to look at this point; the first part of section 179 says that "the company shall not at any time make any change..." except by leave of the Board of Railway Commissioners. It is only after they get that leave that compensation is effective, so it is really necessary to get the first part in, in order to make the second part effective. If the Minister of Trade and Commerce and the Minister of Railways can convince me in this respect I shall be satisfied.

Mr. MANION: I do not think it is possible to convince the hon. member, but we are convinced ourselves.

Mr. STEVENS: That portion which relates to compensation of employees, every part of section 179 that has to do with compensation, is preserved in this bill. If the whole of it applies, then the whole of it is preserved. That is clear.

Mr. HEENAN: All I can say is that the railroad men do not believe so.

Mr. MANION: This was put in in the other chamber at the request of the railroad men.

Mr. HEENAN: No, Mr. Chairman, it was not. This is what the Senate gave the railroad men out of what they asked, which is an entirely different thing. The railroad men asked for more than this, but this is all they got.

[Mr. Stevens.]

Mr. MANION: My legal adviser was present at those meetings, and he tells me that the railroad men expressed themselves as satisfied with this. That is what the gentleman who is sitting in front of me and who was present at those meetings says. And it is a very strange thing if these railroad men are not satisfied and have not so advised me. I come from a bigger railroad centre than my hon. friend—

Mr. HEENAN: That has nothing to do with it.

Mr. MANION: No, but if they are not satisfied it is strange that they have not given me some intimation of their dissatisfaction. I have never heard a word from them to that effect, and they do not hesitate to approach me. According to my best information it satisfied them when they appeared before the committee in the Senate.

Mr. HEENAN: Probably the minister will admit that I know something about what the representatives of railroad unions think about the whole measure. But I do not want to discuss that. Do you think I would stand here and talk as I have talked if I thought this was satisfactory to the representatives of railroad labour in Canada? Not for a moment. I will go this far right now; if the minister will make the statement on behalf of the government that if this is not interpreted the way he now says it will be interpreted, he will bring in an amendment at a future session, I will withdraw my amendment.

Mr. SPENCE: Of course you would if you got all you wanted.

The CHAIRMAN: The question is on the amendment.

Mr. HEENAN: The very fact that the Minister of Railways will not go so far as to say that if it is not interpreted the way he says it is intended to be he will amend the bill—

Mr. MANION: I did not say how it was going to work out. I say it will protect the men to the same extent that the Railway Act does.

Mr. HEENAN: But there is a difference of opinion between us as to the provision. I contend that the railway men of this country are not protected; they have not under this bill the whole of section 179, but only part of it. The Minister of Trade and Commerce and the Minister of Railways say—and I believe they think they are right—that we have not had anything taken away from us whatever.

With that difference of opinion between us surely the government ought to go so far as to say that if it is not interpreted the way the government says it is going to be they will amend the act at a future session. Is that unreasonable? I point out again that all we ask in this whole controversy is protection of the railroad men of this country even to the extent they had before this bill was presented. It is bad enough taking work from 20,000 to 40,000 of them, without trying to take away some of the privileges they have at the present time.

The CHAIRMAN: I will draw the hon. member's attention to standing order No. 41 (i); that a member shall not:

Use his right of speech for the purpose of obstructing the business of the house.

The hon. member has spoken all afternoon, I think obstructing his own amendment.

Mr. HEENAN: I do not think that is a fair reading of the rule. I am not obstructing.

Mr. ERNST: The hon. member is only blowing off steam.

The CHAIRMAN: The committee desires to have the amendment put, but the hon. member has risen time after time and has obstructed his own amendment.

Mr. HEENAN: I am only trying to answer the Minister of Trade and Commerce and the Minister of Railways. They take the position that this measure does not detract—

The CHAIRMAN: I call the hon. member's attention to the rule.

Mr. HEENAN: I appeal against the ruling of the chair.

The CHAIRMAN: The hon. member is alone in his appeal. Therefore it is of no use.

Mr. HEAPS: The point I raised is somewhat different from that raised by the hon. member for Kenora-Rainy River. I am not going to argue about the legal aspects of section 179, as to its definition or even its application, because I am always afraid to jump in where lawyers are concerned. I recall that a couple of years ago I had one of the best lawyers around this building draft an amendment which I thought was too difficult for a layman to draft, and after I submitted the amendment to the house every lawyer in the house jumped on me and said that I should have gone to a lawyer to have it drafted. It is possible that the definition given by the Minister of Railways is quite correct, and I am prepared to accept that viewpoint. At the same time I desire to testify to the fairness of the minister during the whole course of the discussion of this measure. Now having said these nice things about him I hope he will treat me with a little more consideration than when I suggested a little earlier this afternoon—

The CHAIRMAN: Does the hon. member want to move an amendment?

Mr. HEAPS: Well, it arises out of the same things.

The CHAIRMAN: Because we could dispose first of the amendment now before the committee, and then the hon. member could proceed.

Mr. HEAPS: In speaking to the point I raised earlier I will not repeat what I said if I get satisfaction from the minister. I claim that under the provisions of this bill the necessity for proposing an amendment to section 179 will be apparent to everyone. It is almost certain that a large number of railway employees who have put their savings into a little piece of property in a railway centre will as a result of the operation of this bill find they have no further use for the property which they have purchased.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight o'clock.

Mr. HEAPS: Just before the adjournment I was making an appeal to the minister on behalf of those railway men who are likely to lose their homes, which no doubt they have worked a great many years to acquire. As regards section 179 of the Railway Act, I do not think it is important whether that provision goes into this legislation because in my opinion the men would still come under the Railway Act. But the important part is the effect which in past years the actual operation of section 179 has had; it has given very little satisfaction to the men affected, and its interpretation, as respects the Big Valley situation, for example, which was mentioned this afternoon by the hon. member for Red Deer, simply meant that although the men had lived in the town for many years and had bought homes, they found, when the time came for a change to be made in connection with that divisional point, that they were entitled to nothing in the way of compensation for their removal. It seems to me it is not a question whether section 179 is incorporated in this legislation; the important point is that the

spirit and intent of that section shall be observed in the operation of the bill now before us when it becomes law.

I think it will be generally agreed that in consequence of this bill many hundreds and even thousands of men who have sunk all their savings into homes in small railway divisional points will probably lose everything they possess. I am now pleading for the small man who has invested his all in a home and is now likely, as a result of the operation of the legislation now before us, to find himself utterly dispossessed. I submit that we shall have to have an amendment to the Railway Act, either in section 179 or by way of a special clause in the act, to meet this situation, because there will probably be thousands of such cases throughout Canada; men will lose not only their jobs but their life savings. Is the minister not prepared to consider favourably the insertion of a clause which will provide for such men some compensation to be determined by the railway board?

Mr. MANION: In the first place I should not care to admit the accuracy of my hon. friend's statement that so many men will find themselves in the position he suggests. I think it would be wiser for us to wait until we have seen some of the effects of the legislation before taking action in this regard. If any injustice is done I do not think there is any member of this house who would wish to see the railway men suffer; I do not think anyone wants to see them suffer injustice in consequence of any act of parliament or of the railway companies. If therefore it should prove that men are being unjustly treated, we shall be in a fair position to deal with the matter as and when such injustice occurs. At that time we could discuss the matter on its merits. If it is found after the act goes into operation that there are just grounds for complaint, the question can be considered next session, if we are all here at that time.

I understand and respect my hon. friend's position in this matter, but the government does not accept the premise he lays down, and we are not anxious to include in the legislation any provisions which may not be necessary.

Mr. HEAPS: In the Big Valley affair discussed this afternoon, it was shown that men had been actually moved from one place to another and that through a technicality in the law they were not entitled to compensation; yet parliament took no action; indeed, when the matter was brought to the attention of the committee this year it was turned down and the men could get no redress. However, I am glad the minister makes the admission that if one year from now it is found that men have lost their homes through process of this legislation, he will take into consideration the suggestion I am now making.

Mr. MANION: On its merits.

Mr. HEAPS: Yes. But I would remind the minister that it is rather dangerous to leave legislation in such a form as to make retroactive measures necessary. Personally, I would rather have parliament take a proper view of the situation now, to anticipate any difficulties that may arise and to make the necessary provision to take care of them.

Mr. MITCHELL: When this house passes legislation that has for its object the dismissal of thousands of men, I believe that a responsibility rests on the government of the country at least to make some provision for those who will suffer in consequence. I advanced this argument the other day. This question came up in Great Britain when the different railway systems, one hundred and twenty in number, were consolidated into four large systems. There ample protection was provided for the railway workers. I know that in a young country like this, with such a background as ours, it is difficult for us to appreciate action of that sort. In connection with the remarks of the hon. member for North Winnipeg, take the railway towns in northern Ontario; when a man loses employment there he loses everything, because his home depreciates in value. Such men are more or less cut off from civilization as we know it in the larger centres. There is not the remotest possibility therefore of their receiving anything approaching the value of the property they own. There is really only one thing that they can do, and that is to leave their homes and swell the ranks of the unemployed in the large cities of Ontario.

In its practical application, whether we like it or not, this legislation will throw many railway workers on the streets. We need not deceive ourselves in this matter. In my judgment, no consideration at all was given by the framers of this bill to the human element in the railway industry. Section 179 of the Railway Act is to all intents and purposes a dead letter in the application of this legislation. An example was cited by the previous speaker. It was necessary in western Canada to shut down a divisional point, and all that had to be done was to leave one crew there and section 179 did not apply.

I believe the responsibility rests upon the government at this time to make some provision for the railway men who are going to

lose their jobs. I do not want to labour the point, but after all these men are making a greater sacrifice than the people who invested in the industry. Surely it is not beyond the wisdom of any government to deal with such a situation. I think it could very well be done before the final passage of this bill, and that would be far better than waiting a year. I appreciate the position of the minister, but it is not a question of waiting to see how the legislation will work, because the displacement of labour through the consolidation of the two railways is an actual problem. A good deal has been said about amalgamation. It is not beyond the realm of possibility that we shall have amalgamation within eighteen months of the passing of this legislation, and this by sheer force of economics. It seems to me the government could quite easily make provision, small as it might be, to take care of the men, because we might as well sign the death warrant of those who are being laid off in the railway industry as leave the act in its present shape. These men have absolutely no hope of finding employment in any of the centres of the dominion.

Mr. HANSON (York-Sunbury): At the risk of delaying the committee, I should like to make a few observations. It is not admitted as an accepted premise that the legislation now before the house will have the effect which hon. gentlemen opposite are insisting upon. Be that as it may, what help will it give to the men who are out of employment to-day? They will continue to be out of employment if some measure such as this is not passed by parliament. I would refer the hon. member for East Hamilton to the speech made by Mr. Beatty in Winnipeg. He was dealing with this very question and as an argument for amalgamation he stated that no doubt there would be some cases where employment would be lost but that those who are still employed would have steady employment. He stated that that would be much better than a continuance of the intermittent employment now prevalent.

Mr. MITCHELL: Mr. Chairman—

Mr. HANSON (York-Sunbury): Just a moment; you are on your feet pretty often while I am on mine very seldom. The argument adduced by the hon. member for North Winnipeg has many ramifications and implications. He is arguing that the state should be an insurer—that is what it amounts to—of employment for men who because of economic reasons find themselves out of employment. Let me put this case to hon. gentlemen opposite. If they come into power and the hon. member for Weyburn has his way, the tariff on cottons will be taken off. If the hon. member is a member of that government, which I do not think is likely to happen—

Mr. YOUNG: Not at all likely.

Mr. HANSON (York-Sunbury): In my constituency there is a town of 1,800 people wholly dependent upon the cotton industry. What would he say if as an argument against the proposal to take off the tariff on cottons I said that because of its fiscal policy, the government of this country should ensure to those people compensation for their loss of employment and property. That argument is just as sound as the one advanced by the hon. member for North Winnipeg. I could make just as strong a plea for those people as he makes for the railway workers, and from the standpoint of the nation my argument would be just as unsound as his. I put that to hon. gentlemen opposite as a complete answer to the case put forward by the hon. member for North Winnipeg.

Mr. WOODSWORTH: If the fiscal policy of the government throws a large number of men upon the streets—

Mr. YOUNG: Which it has done.

Mr. WOODSWORTH: —I see no reason why the government should not be held responsible for the cost of readjustment to the new situation. That is what is coming in this country; that is what has already been recognized in other countries. We may very well have to do the same thing in the not distant future. This action may have to be taken in the town of Fernie where the policies of this government have forced the closing down of the whole town with a possible throwing of thousands upon the streets. There is no earthly reason why their care should not be a charge upon the government since their policy has made the town useless. Compensating adjustments ought to be made. I submit that we have not before us a hypothetical case such as has been mentioned by the hon. member for York-Sunbury; we have a concrete case in which the employees of a so-called government owned railway, as well as a privately owned railway, are affected. If this bill is to be worth anything, it will have the effect of throwing a large number of men out of employment. We all know that a large part of the cost of railway operation is made up of wages and if there is to be any gain made by the bill now before us, it will mean that a considerable number of men will be thrown out of work. That

fact is tacitly admitted by the hon. member for York-Sunbury when he suggests that those who will be left will have steady employment.

Mr. HANSON (York-Sunbury): I said that was Mr. Beatty's argument. The hon. member can twist things about just as well as anybody I know.

Mr. WOODSWORTH: I am not trying to twist anything.

Mr. HANSON (York-Sunbury): That is your usual method.

Mr. WOODSWORTH: Mr. Chairman, I submit that if I am to be subjected to this kind of thing I shall have to call upon you to ask the hon. member to withdraw his statement.

The CHAIRMAN: The hon. member is quite right; he has the floor and he should not be interrupted without leave.

Mr. WOODSWORTH: It is not my practice to try to twist things. I submit it is not fair that an hon. member should make such a statement in this committee. Mr. Beatty is quoted by the hon. member for York-Sunbury to the effect that a large part of the savings would be in the fact that a smaller number of men would have steady employment. I submit that that statement indicates that men are to be laid off. I think we must admit that that will be the inevitable consequence of the passing of this legislation.

We in this corner have taken the ground that we ought to effect whatever economies we can, but we say that in effecting those economies we should not disregard the rights and the needs of the men who are to be displaced by such action. Apparently the government refuses to recognize the rights of the men to their jobs; they are willing to turn them off. It is a curious thing that we in this corner should be driven to asking for the protection of property rights. We say that the rights of the men to their jobs should be safeguarded, and we ask also that certain property rights should be protected. The purpose of this bill is to protect the rights of the bondholders; apparently it is one thing to protect the rights of the big people but an altogether different thing when it comes to protecting the rights of the little people.

An hon. MEMBER: The old story.

Mr. WOODSWORTH: Some hon. member opposite suggests it is the old, old story; it is the old story but it is none the less the true story.

[Mr. Woodsworth.]

Mr. HANSON (York-Sunbury): A democratic appeal.

Mr. WOODSWORTH: If we are protecting the so-called rights of the bondholders by this legislation, I submit there would be nothing out of the way in our protecting the rights and property which may be involved by this action.

Mr. GOBEIL: What property?

An hon. MEMBER: What rights?

Mr. WOODSWORTH: The property rights of the employees which will be destroyed by this legislation.

Mr. HANSON (York-Sunbury): Not at all.

Mr. WOODSWORTH: While I was going home at Easter a man related to me the situation in which he had been placed by the taking off of the train between Toronto and Montreal. Formerly he had been a resident of Winnipeg but had been transferred to Toronto in order to take a run out of that city. As he expected to be in Toronto indefinitely, he bought a house. With the taking off of his train, he has lost his run and his house is now valueless. That is not a hypothetical case, it is something that has actually happened. When we are dealing with the property rights of the big people I suggest that it is quite proper to deal with the property rights of the smaller people. I do not think the minister is taking the correct attitude when he says that we may deal with such questions a year hence. We are dealing with the whole situation to-day; we are dealing with property rights as they will be affected by this legislation and it seems to me that some provision should be included in the bill to take care of the situation to which I have referred. As my colleague has pointed out, there is such a measure in the Railway Act. The principle was conceded in that act and this bill to a considerable extent supersedes that act.

Mr. MANION: Not so far as compensation is concerned.

Mr. WOODSWORTH: I stand corrected; perhaps I am wrong, but if these men are laid off, lose their positions through the economies that are contemplated, will they have the rights that they were supposed to have under the Railway Act?

Mr. MANION: Yes.

Mr. WOODSWORTH: Their property rights?

Mr. MANION: May I suggest this to my hon. friend: I doubt if he was present this afternoon, but we spent the whole afternoon trying to convince the committee that that was the case, and I think we convinced everybody but one in the committee that the rights of the railwaymen to compensation as protected in the Railway Act were protected to the same extent in this measure. I am trying to save my breath by not putting up the same argument again.

Mr. WOODSWORTH: I accept the correction, but as my colleague said before, while technically there are certain rights, in practice, as was shown by the illustration given this afternoon, the men are not able to take advantage of what was evidently the spirit of the act. So my suggestion now is that since the principle is conceded in the Railway Act, we should strive to put the same principle into this measure. I think that is a fair proposition.

Mr. MANION: I do not wish to beat the carpet over again although I have been doing so all afternoon. Our attitude on this side —and I think it was the attitude even of the hon. member for North Winnipeg—is that so far as the men's rights were protected in the Railway Act, they are protected in this.

The other question as to whether that is sufficient protection for the men is an entirely different matter. That is a question for consideration as it affects the Railway Act as a whole. The question of unemployment insurance, which my hon. friend has been discussing, is also one to be considered from now on, because I think all hon. members realize that men who have suffered through idleness, unemployment, throughout this depression have had thrust upon them something which our type of civilization should not have permitted. I believe the whole question of unemployment insurance must be dealt with in the near future, although not necessarily in that form. I say frankly—and I have said this many times publicly—that this type of economic civilization which we have cannot endure if we do not properly look after unemployed men in times of depression. I say that sincerely, but that has nothing to do at the moment with this measure. What my hon. friend and some of his friends are suggesting, and, I believe, in good faith, is that we should constitute the railwaymen a special group. That is what I say and what the hon. member for York-Sunbury has said, cannot be done; we cannot do that. It would be discriminating even among the railwaymen themselves, because if we put into this measure a provision that men who in the future are laid off must get some compensation, what about men who in the past have been laid off from the railways? In this way we would be discriminating even as between the railwaymen themselves. This bill is not for the purpose, as set forth by the hon. gentleman, of protecting the rights of the bondholders—I wrote down the words he used —I do not think it is fair to suggest that, nor for the hon. member for East Hamilton to say that the purpose of the bill is to lay off railwaymen. That is not the purpose, nor is it to protect the rights of the bondholders.

Mr. MITCHELL: It is happening just the same.

Mr. MANION: That is a different matter. To say that it is the purpose and to say that it is happening are two different things. Let me finish my argument; I did not interrupt my hon. friend. The principle of the bill is neither to lay off men nor to protect the interest of the bondholders. It is so to regulate the economies of the Canadian National and the Canadian Pacific that the latter will not go into bankruptcy and the former will not bankrupt this country. As expressed by the hon. member for York-Sunbury quoting Mr. Beatty, this bill is for the purpose of endeavouring to get the railways into such operating shape that when a revival of business comes, they will operate so fairly and economically that the men who are employed on the railways will be ensured a reasonable amount of steady employment instead of an uncertainty as at present. It may be that some hardships will occur; that cannot be avoided, but at the moment I submit we cannot put into this measure a provision that protects one group of men to the discrimination of another or that protects one portion of a group of men to the discrimination of another portion of the same group.

All of us having expressed our viewpoints, three on the other side and two on this, may I say that the whole discussion is out of order. I am saying this now because I wanted to set forth my own arguments before I was ruled out of order. I think it was fair I should do this because my hon. friends made their arguments. The other day the hon. member for North Winnipeg moved an amendment which had for its purpose the compensation of all men laid off. That was voted down by the committee and therefore to discuss again the same matter—

Mr. HEAPS: It was not voted down; the vote was upon a point of order.

Mr. MANION: All right; that may be true, but at any rate, the amendment was ruled out of order, and if it was out of order then it is out of order now.

Mr. HEAPS: What was out of order was this introduction by a private member of a motion that could be introduced, according to the ruling, only by a member of the government.

Mr. MANION: I believe the hon. member is correct. We have put ourselves on record. The hon. member for Winnipeg North Centre says that the government will have to take the responsibility. We will take the responsibility. I quite admit there are in this bill clauses that will not be popular, particularly in view of the fact that some hon. gentlemen have been making wild statements that this will mean putting 40,000 men out of employment. Nothing like 40,000 or even 20,000 men will be put out of employment; in fact, I doubt if very many will lose their positions. I believe with a decent revival of business, thousands of men will be taken on instead of further employees being laid off. I do not wish to rehash the whole question. I respect my hon. friends' viewpoint. They have put themselves on record; they have stated their attitude. The government takes the responsibility of saying that at the present time we cannot admit into this bill clauses to protect one group or a portion of one group as against others and as we have all expressed our viewpoints, I think we might make a little further progress with the bill than we have done so far to-day, although I am not blaming my hon. friend for lack of progress this afternoon

Mr. MOTHERWELL: Did I understand the minister a few moments ago to say that if this amendment which he has before the committee does not work out satisfactorily, he will be ready to submit amendments another year?

Mr. MANION: No; I said that if it worked out so that unfair hardships were imposed upon the railwaymen, we would be ready at the next session of parliament to consider on its merits any proposal to deal with the matter.

Mr. MOTHERWELL: That is near enough for the purpose I had in view. Might I call the attention of the committee to this point: when the various amendments were submitted by the opposition, wherever those amendments all came from, the Prime Minister about the middle of last week said that they would all be submitted to council and given the most careful consideration before he left for Washington. I presume that has been done.

[Mr. Heaps.]

Mr. MANION: Yes.

Mr. MOTHERWELL: There is no question it has been done. Whatever decision has been arrived at, my hon. friends and his colleagues, in the absence of their leader, cannot depart from such decision on any major question.

As regards this hammering, I have done my share of it and maybe I will do it again on the third reading, but to do it now is futile. The minister cannot depart from, even to modify materially the cabinet decision, which has been reached. His statement is satisfactory to me, at all events, in the absence of his leader. I recall quite clearly that the Prime Minister made some rather fair comment at that time that he was going to give all these amendments the fullest possible consideration before he left. I have no brief for the government in all conscience; I think everybody knows that. I am speaking in our own interests, and in my own behalf I want to get home out of here. I have business to do out in the west. I have never been at home for years during the seeding time, and that is the most important time of the year to the farmer. While my public duties keep me here, they do not keep me here to talk ineffectively on this question at this time as important as it is.

While I am on my feet I want to remind the ministry now that I make two reservations: I am reserving the right to speak on any of these amendments on the third reading, because it is evident, in view of the facts I have recited, that it is useless to discuss them further now. Furthermore, I do not want anybody to assume, if I do not speak in committee on any of these amendments, that therefore I agree to them because I may take the opportunity on the third reading of the bill of seeking to have them referred back to the committee to be dealt with when the Prime Minister returns. But in view of these facts which I have attempted to recite I appeal to my good friend from Kenora-Rainy River, would it not facilitate matters if he took a similar position and reserved all his rights until the third reading of the bill when he could move to have it referred back to committee? I understand that the hon. member has an amendment to the minister's amendment. Well, of course, he is master of his own affairs, but it looks to me as if it

would expedite matters and that we would get just as much satisfaction if we postponed this discussion until later on when, on the Prime Minister's return from Washington with the laurels that he may bring, he may feel generous and give us all we want.

Mr. FACTOR: Just one word before my hon. friend from Kenora-Rainy River gets up. May I ask the Minister of Railways this simple question? Does this section as drafted in this bill give the right of compensation to a displaced railway employee in the same manner that he has that right under section 179 of the Railway Act?

Mr. MANION: Oh, yes. I have stated that, not once, but I should think from six to ten times this afternoon. The act as now drafted gives exactly the same protection, such as that protection is, as is given under section 179 of the Railway Act.

Mr. CHAPLIN: Along these lines of railway going out to the northwest other industries have been built up, such as the lumber industry, which have been pretty hard hit during the last few years, and I would ask if any compensation is contemplated for the men in those industries who are now out of work just as much as the railway workers.

Mr. HEENAN: The hon. member for Melville who is now leading the opposition forces —I do not know who appointed him—will not get my vote any more to be leader of this party. He has put me in a rather peculiar position because he has requested that I withdraw my amendment in view of the statement made by the Minister of Railways. I hope he meant the statement which the minister made in answer to the hon. member for North Winnipeg, and not the last statement of the minister because his last one could be argued on the floor of this house for many, many hours. To suggest that this bill is not designed to throw hundreds and thousands of railway men out of work is beside the mark because the bill will be of no avail if it does not do that very thing. The pooled services which we have been discussing recently—the trains from Ottawa to Toronto, and Montreal to Toronto—have thrown out of work over a hundred men on both the roads.

I trust that the committee will observe that all I have been trying to do this afternoon is to have included the provisions of section 179 of the Railway Act as it now stands. Though that section as it stands is by no means satisfactory to me, I have been trying this afternoon to have the complete section 179 included in the measure now before us. The first part of that section providing that the companies may do thus and so without leave of the board is entirely eliminated from this bill, to my way of thinking, and in the view of a great many railroad men throughout this country. But I did make a suggestion to the minister before supper which, taken with the remarks of the hon. member for Melville, practically nail me to the cross. I suggested that if the minister, speaking on behalf of the government, would assure me that if the working out of this does not conform to the statements made by the minister this afternoon, he will consider amending the bill at a future session, and the minister practically agreed to that suggestion in answering the hon. member for North Winnipeg.

Mr. MANION: Do not put anything into my mouth that I did not agree to. I do not desire that there should be any misunderstanding. I did not say that if the bill did not work out as I expected I would deal with it. I did agree that if it was shown that section 179 as incorporated in this bill was different from section 179 as in the Railway Act, we would deal with it. That is a different thing. I wish to keep the record straight so that my hon. friend will not misunderstand me.

Mr. HEENAN: That is all I wanted, and I appreciate the minister's attitude.

Mr. SPENCE: You got that long ago.

Mr. HEENAN: When we are trying to help the minister perhaps he would try and keep his supporters quiet behind him. In view of the very fair statement of the minister, and in view of the minister's nod when the hon. member for Melville stated that evidently the Prime Minister before he left for Washington discussed this thing with his colleagues and decided that no major amendment could now be made to the act—I hate to think that that is so because if it is we might just as well adjourn the house to-day before the Prime Minister comes back—

Mr. MANION: May I say in regard to that also that the Prime Minister no more deserves to be blamed for any part of this bill than I or any other member of the government. We have taken our position as a body, and we speak as a body. I speak for the government, not for the Prime Minister, and whatever I say here to-night in regard to these amendments I say on behalf of the government. I do not wish to have put on the shoulders of the Prime Minister any more than on any other member of the government, blame or credit for this bill, because we stand as a body in regard to it.

Mr. HEENAN: I think the minister has misunderstood me. The hon. member for Melville suggested, indeed, I think he stated, that the Prime Minister had said on the floor of the house that these amendments which have been suggested in committee would be considered in the cabinet before he left for Washington, and the hon. member for Melville suggested that that had evidently been done, and that the government had arrived at a conclusion in regard to them and had decided that no further amendments of a major character could be accepted, and I understood the Minister of Railways to nod his head to that.

Mr. MANION: We certainly discussed the amendments in council.

Mr. HEENAN: I am very glad to know that we can consider amendments in the absence of the Prime Minister. In view of the very fair statement which has been made by the Minister of Railways, practically complying with the suggestion that I made before supper, as I understand it, and in view of the remarks of the hon. member for Melville, I ask leave, Mr. Chairman, to withdraw my amendment.

The CHAIRMAN: Is it the pleasure of the committee that the hon. member shall be granted leave, under standing order 53, to withdraw his amendment?

Amendment (Mr. Heenan) withdrawn.

Mr. MANION: The next amendment with which we have to deal was moved by the hon. member for West Lambton. He is not in the house now, but I should like to point out to the hon. member for Melville, who at the moment is leading the opposition, that the hon. member suggested that section 23 of the Canadian National Railways Act should be included in section 2 of this act. The intention was to protect against abandonment without the consent of the governor in council and the Board of Railway Commissioners. We offered as a compromise the provision that no abandonment may be made by any railway concerned in the legislation, which meant the Canadian National and Canadian Pacific Railways, without its being approved by the Board of Railway Commissioners. Our suggestion was accepted by the hon. member, and I am quite sure if he were in his seat he would agree. Under the circumstances I believe the amendment of the hon. member for West Lambton should be withdrawn.

[Mr. Manion.]

Mr. MOTHERWELL: I am not familiar with the amendment moved by the hon. member for West Lambton; probably we would not disrupt the procedure if it were allowed to stand. The hon. member no doubt will be in at any moment. I should not like to commit myself in his absence.

Mr. MANION: Very well; I shall deal with the other amendment. I did not wish to get away from clause 2, because, as I said this afternoon, I should like to clear up the outstanding matters as we go along. The next amendment I have before me is sponsored by the leader of the opposition. He is not in his seat.

Mr. HEENAN: He will be here in a minute.

Mr. MANION: I shall see what the next one is. I do not wish to deal with the right hon. gentleman's amendment in his absence; I should not like to be discourteous to him.

The CHAIRMAN: Hon. members must be here to look after their amendments.

Mr. MANION: Yes, but I do not like to be discourteous to the leader of the opposition or to the hon. member for West Lambton. At the same time I believe I could convince the right hon. gentleman that his amendment is not necessary.

Mr. MOTHERWELL: Are there no other sections standing?

Mr. MANION: Yes, but I had hoped to clear them up as we went along.

Mr. MOTHERWELL: That is the desirable thing to do, but it would not be fair to go on with the amendments in the absence of the right hon. leader of the opposition and the other hon. member. I appreciate the minister's attitude.

Mr. MANION: The next amendment concerns the hon. member for West Middlesex, and he is not in his seat.

Mr. NEILL: Go ahead.

Mr. MANION: The amendment following that also concerns that hon. member. Then, following that is one in which the hon. member for Vancouver Centre is interested; he is not here. I am sure the hon. member for Melville cannot accuse us of hurrying with this bill.

Mr. SANDERSON: The hon. members for West Middlesex and Vancouver Centre will be here in a few minutes. They are on their way now.

Mr. REID: In the meantime would the minister entertain an amendment I have to offer? I am sorry I have not been able to present it sooner. It is an amendment which in my opinion should be adopted, or some definite assurance given in regard to the matter with which it deals. In the discussion of clause 2 of the bill much doubt seemed to exist in the minds of the legal fraternity as to the exact meaning of the words, "inconsistent provisions of all other acts." Those of us who are not lawyers cannot be blamed if we do not understand the meaning of that expression. The minister did not give a satisfactory answer as to why clause (b) and (c) were put in the bill, that is, the provisions concerning the Maritime Freight Rates Act and "the provisions of any statute of Canada which confirm any contract or enact or provide for any specific or special freight rate, toll or tariff or for the ascertainment of any one freight rate."

If I remember correctly, when the minister was asked regarding these subsections, he confessed he was at a loss to understand why they were put in. The minister will agree that if this act becomes law all the arguments which have been advanced in committee will be more or less forgotten. Three trustees will be administering the Canadian National Railways, and those trustees will have their own solicitors to interpret this legislation. Therefore all the pious wishes and suggestions entertained by hon. members, in regard to what this or other sections may mean, will be discarded. The legal men employed will interpret the act. In view of the fact that these two provisions have been put in the bill under section 2, to take care of the Maritime Freight Rates Act, and the Crowsnest pass rates, I am led to the decision that some doubt existed as to the manner in which this legislation would affect freight rates. With that in mind I move:

That after the word "thereby" in the twenty-third line of clause 2 the following words be added: "But nothing in this act shall be deemed to take away from the Board of Railway Commissioners the right to hear and decide all appeals made to that board in connection with freight rates and tolls."

I suggest that proviso should be put in, and I therefore hand it to the chairman for the consideration of the committee.

Mr. MANION: Before dealing with the amendment may I suggest that the lawyers of the Canadian National or the Canadian Pacific will not interpret the laws; that is a function of the courts. In the event of lawyers connected with the Canadian National or Canadian Pacific lines interpreting any of these clauses in a way which is not in accordance with the intentions of the act, it would be the duty of the court to correct such interpretation.

In regard to the amendment moved by the hon. member which deals with freight rates and tolls, may I suggest that from one end of the bill to the other we find freight rates and tolls mentioned only twice, namely in two subclauses of section 2. They were not mentioned because it was felt that the legislation interfered in no way with freight rates and tolls in general, but in order to emphasize that at least they were not interfered with the Maritime Freight Rates Act was mentioned. The same applies to subclause (a) of section 2 which deals with compensation to employees who were affected financially by the movement of terminals. Because they are put in does not imply that others not put in are interfered with. With all due respect I submit that there is nothing in the legislation in any shape or form which will interfere with the board of Railway Commissioners dealing with freight rates or tolls in the future as they have in the past. For those reasons I cannot accept the hon. member's amendment.

Mr. REID: Under the provisions of the legislation I understand that if the two railway companies decided to charge a certain fee for tickets they would have to go before the board.

Mr. MANION: That will not change.

Mr. REID: And in the matter of freight one railroad will be taking all the freight over the one line; in those circumstances the railways will agree.

Mr. MANION: May I add one thought that I had forgotten? I read it this afternoon in regard to another matter. In section 16 of part II of the bill we have added:

Where the execution or carrying out of such a measure, plan or arrangement involves the doing of any act which by any statute requires the leave, sanction, assent or approval of the Board of Railway Commissioners for Canada, no such measure, plan or arrangement shall be effective without the approval of the said board.

So that applies, and I hope my hon. friend will withdraw the amendment.

Mr. REID: On that understanding I will withdraw it.

Amendment withdrawn

Mr. MANION: I do not wish to hurry the matter at all, but every amendment I have, with one exception, is an amendment proposed by an hon. gentleman opposite who is not in the house at the moment.

Mr. YOUNG: I am ready to go on now with a matter I was going to discuss.

The CHAIRMAN: I think it would be more in order to deal with an amendment.

Mr. MANION: Then we are discussing the amendment proposed by the hon. member for West Lambton.

Mr. YOUNG: Some time ago I wrote asking the minister of Railways for certain information which I wished to discuss under section 14. When we came to discuss the section the information was not available, so it was agreed that I could discuss it under any section. I now have the information, and, with your consent, Mr. Chairman, will proceed with the discussion.

The minister referred the other day to some figures put out by one R. J. Deachman which he said were misleading if not inaccurate. I can quite understand that, because there are so many sets of railroad statistics available that confusion may well arise. For instance, the minister the other night gave figures showing the percentage of the total traffic that each railway has been getting. I do not for a moment doubt that the figures are accurate, but I cannot find what they are based on. I have before me a considerable amount of information received from the bureau of statistics covering the operations of both railway systems for the past ten years. For the year 1923 I find that the total operating revenues of the Canadian National Railways were some $216,000,000. Only to-day I saw another set of figures, issued also from the bureau of statistics, citing the operating revenues of the Canadian National for that same year at $218,000,000, a difference of some $2,000,000. Both sets of figures are accurate. A footnote relating to the latter figure reveals that it includes certain telegraph earnings not included in the other. Then the annual report of the Canadian National Railways shows the purchases of freight cars in the year 1931 as some 4,300, but the figure I got from the minister in regard to the same purchases for the same year was 3,800. I have no doubt both sets of figures are accurate, but there has been some different basis of calculation.

In regard to the purchase of coal, I asked the minister what imported coal had been displaced by Canadian coal on the Canadian National lines, and at what additional cost to the country. I have no doubt the figures he has given me are accurate, but I cannot understand them or their significance. Again the other night the minister quoted figures which to me were astounding; he stated that on what he called the luxury trains, such as those between Toronto and Montreal, the loss last year to the Canadian National system was $25,000,000. When I looked into it I found that the total passenger earnings for that year were only $16,000,000.

Mr. MANION: I did not say that was the loss on those particular trains; I said the loss on the entire passenger service was over $25,000,000. The only authority I have for it is the railway itself. The hon. gentleman refers to revenues only.

Mr. YOUNG: I am glad the minister has made the correction, because Hansard took him up wrongly. What I want to point out is that it is very difficult for a man who is not a railway accountant, or skilled in the use of figures, to arrive at any accurate estimate of the position of the railways and what they are doing. I would suggest to the minister that one of the best thing he could do would be to call in the officers of his department and have them prepare a standard system of accounting and reporting to this house, so that when we come to consider the railway estimates each year, even members of our intelligence, may know exactly what the position is, what the financial structure is, what its operations are, where the expenditure is going, and if there is any leak, where it is. That I think should be submitted not only for the Canadian National but also for the Canadian Pacific, so that we would be in a position to compare the efficiency of operation of both lines of railway. I offer that suggestion to the minister in good faith, I hope he will consider it.

Another matter I wish to deal with is the operating ratios and the money spent in purchase of equipment and maintenance of way on the two systems. I find from the reports I have from the bureau that the operating ratios were:

	1930	1931	Increase
Canadian National. .	92.06	100.	7.94
Canadian Pacific. . .	76.95	80.40	3.45

When we look at the transportation ratio, that is the percentage of earning required simply to operate the trains, we find the following:

	1930	1931	Increase
Canadian National. .	45.04	47.89	2.85
Canadian Pacific. . .	37.21	40.83	3.62

It will be noted that the increase in the operating ratio is not reflected in the increase in transportation ratio; that additional expenditure must have occured somewhere else.

Looking at the ratio of maintenance of equipment we find:

	1930	1931	Increase	Decrease
C.N.R. . . .	19.34	21.91	2.57	
C.P.R. . . .	16.68	14.11		2.57

Here, while the Canadian Pacific made a better showing in 1931 than in 1930, the Canadian National made a worse showing. Before we go on to maintenance of way and structures I would like to turn for a moment to this matter of equipment. In the Duff report, page 46 we find these words:

During the period under review—

That is the period 1923 to 1931.

—the Canadian National did not lack rolling stock or motive power necessary to efficient operation.

That was the situation from 1923 to 1931 according to the Duff report. But turning to the annual report of the Canadian National Railways for 1931, on page 29 we find that at the beginning of that year the Canadian National had 126,129 freight cars of all kinds, eliminating conductors' vans. That year they purchased 4,304 new cars. The minister however gives the figure as 3,800, so we will accept that figure. Those cars, according to the figure given to me by the minister, cost the railway company $10,355,000, so that there was an investment of that amount in equipment which according to the Duff report was not necessary. We find that in the same period the Canadian Pacific had only 87,539 cars. Dividing the total freight ton miles by the number of cars it appears that that year the Canadian Pacific got 115,000 ton miles out of each car it possessed while the Canadian National got only 88,920. We find also that the average load per car on the Canadian Pacific was 23·45 tons and on the Canadian National 22·39. Here we find an expenditure of over $10,000,000 on what, according to the Duff report, was an altogether unnecessary investment. Now, why was that done? I do not believe it is the fault of the Minister of Railways; I believe it was done as a measure of unemployment relief. I think the minister told us on one occasion that the railways were persuaded to advance their program and buy more of this equipment than they actually needed at the time in order to relieve the unemployment situation. That is the only explanation that has been forthcoming so far as I can see. That is to say, they invested this $10,000,000 not as a railway operating scheme but as a means of relieving unemployment.

I do not think it is fair to the national railways that all this additional expenditure, which should be the business of government as a whole, should be charged to the system. I think the minister's colleague behind him put something over him. Possibly that may have been the best way of relieving unemployment, and I am not discussing that point at the moment. Whether it was or not, however, I submit that it is not fair to charge all that expenditure to the Canadian National Railways while the Canadian Pacific Railway was not exposed to any such expenditure.

Let us turn to the expenditure on maintenance of way. We find that in the year 1931 the Canadian Pacific expended $1,350 per mile on maintenance of way while the Canadian National Railways spent $1,695; in other words, the Canadian National spent $345 per mile more than the Canadian Pacific. They were operating 21,941 miles of road and that represented therefore a total expenditure of over $7,500,000 on maintenance of way in excess of what was spent by the Canadian Pacific. Here again I do not think it was done at the instance of the railway management; I believe it was done as a measure of unemployment relief at the instance of the government. I am trying to show that the trouble with the railways is largely, so to speak, backseat driving. They have not been altogether free from governmental influence.

Mr. MANION: So that my hon. friend will not send that out without correction, may I say right here that his conclusions are entirely wrong. I will explain it when he gets through, but this interjection will appear in the middle of his speech if he is sending it out.

Mr. YOUNG: If the minister can prove that my conclusions are inaccurate, well and good. But when he explains that it was not done as a measure of unemployment relief, I hope he will explain also why, when the Canadian National system was well equipped with rolling stock, they invested $10,000,000 in needless freight cars while the Canadian Pacific was exposed to no such expenditure. Again, in the matter of fuel, as I said a moment ago, I could not determine from the figures I received exactly what additional cost the policy of forcing the railways to use Canadian fuel had imposed upon them. The statement was made however that on a certain number of tons of coal used the additional

cost was $1.40 per ton, part of it paid by the railways and part by others. But when I look up the trade returns I find that the steam coal imported into the country averaged in value $1.50 per ton, so that if either through the railways or through some other agency we are paying an extra $1.40 per ton for steam coal, it is obvious that we have doubled the cost of coal to the railways.

The total purchases of the railway company last year amounted to $70,000,000, according to the figures of the minister. Most of these purchases were dutiable at about thirty per cent. It is contended that they did not pay the whole thirty per cent additional cost. Well, suppose the sellers of these goods which they purchased did not take the full advantage of the duty but only one-third of it; suppose that instead of an additional cost as represented by a duty of thirty per cent which the tariff would permit, the sellers took only ten per cent. That means an added $7,000,000 to the operating costs of the railway. Here we have, then, $10,000,000 for equipment, $7,500,000 for maintenance of way, and $7,000,000 additional cost in purchases for the operation of the railways. In other words, we have $24,000,000 expended by the railways which could just as well have been saved.

The minister not long ago referred to the fact that he had saved the country an enormous expenditure by closing down the work of the Montreal terminals. I have here a book entitled The American Transportation Problem, and I would read one paragraph from it, dealing with terminals.

Mr. MANION: What is the date of the book?

Mr. YOUNG: It is just off the press, 1933. The paragraph in question reads thus:

> Terminals exert a controlling influence over the character and cost of transportation service. They have contributed on many occasions to seriously delayed and irregular transportation service. A large number of the delinquencies charged against the railroads in the last two decades or so have really had their origin in faulty terminal situations. The congestion, particularly at the eastern port terminals, during the recent war will long be remembered. Here equipment, badly needed in other parts of the country, was piled up and rendered practically useless. What is not so obvious is that, even under the best of conditions, terminals constantly put a brake on the rapidity with which traffic moves and cause irregularities which shippers or receivers of freight find it difficult to contend with. As Mr. Loree has well expressed it, "the large terminal stations and the large terminal yards are the graveyard of cars." His calculations indicate that considerably more than two-thirds of the 14·9 days involved in a typical completed car movement is spent in terminals. If such items as surplus cars, Sunday and holiday delays, and delays due to repairs be eliminated from the calculations, 86 per cent of the time is chargeable to terminal operations and only 14 per cent to the line haul. There has been improvement in recent years, but this has been general and it is doubtful whether the proportions indicated have undergone much change. More expeditious and regular movement of freight is, therefore, conditioned very largely by the adequacy of terminal facilities and the effectiveness shown in their use.

I have read that paragraph to impress upon the committee the importance of terminal facilities. Some years ago the government undertook to improve the terminals at Montreal. Now, as everyone knows, the condition in Montreal, so far as terminals are concerned, was deplorable. In his speech introducing the bill at the time Mr. Dunning pointed out that the Canadian National Railways have in Montreal three different stations, all disconnected. When it was desired to transfer a car from one to the other they had to take it out of the city and around the mountain a distance of eighteen miles in order to bring it to another part of the city. The expense was enormous and the delay considerable, and this perhaps will account for the necessity of ordering new cars. The plan was to spend $50,000,000 in improving the terminals at Montreal, not more than $10,000,000 in any one year. When the present government came in, however, they said, "We cannot afford that expenditure; we will discontinue the development of these terminals." They did so; they laid off men; they saved that $10,000,000 a year which would have been spent in Montreal for that purpose. But what did they do? They turned around and spent $10,000,000 buying new cars.

Mr. MANION: We did not; the management did, and not at our request either.

Mr. YOUNG: The management bought new cars. Did the management find it necessary to buy new cars because they had not adequate terminal facilities? The Canadian Pacific had better facilities; evidently they could get better results from their cars. It was demonstrated, before the terminals were started, that that investment, large as it was, was the most profitable investment then presented in connection with the Canadian National Railways, much more profitable than any branch lines they could build. The government abandoned the project, though it was necessary to the railways and would have given employment to thousands of people, because it was costing $10,000,000 a year; and for some reason or other an additional $10,000,000 was spent on equipment which, according to the Duff report, was not necessary.

I am not criticizing the minister for this; perhaps it was the best thing to do to relieve unemployment. But I would point out that when you are making savings it is well to call in your engineers and find out what savings you can make with the best economy. With a million dollars to be spent on unemployment, it would have been better to spend it where the engineers recommended it could be spent with profit than to spend it on rolling equipment which, according to the Duff report, was not at all necessary. I hope the minister will clear up that situation when he replies.

Mr. MANION: I hope my hon. friend will forgive me if I do not deal very lengthily with his remarks. First, let me congratulate him upon his great industry in searching out statistics and putting them before the committee. There is this to say for him, he always puts his case good-naturedly; he is never unpleasant no matter how fallacious his argument may be. As far as railway statistics are concerned. I hope my hon. friend does not think that I imagine myself to be an expert. I doubt if any hon. member of this committee, or even anyone outside the house can fully understand railway statistics.

Mr. GARLAND (Bow River): Even those in the railways themselves.

Mr. MANION: I will admit even that statement.

Mr. YOUNG: What about the suggestion of using a uniform system?

Mr. MANION: As a matter of fact my hon. friend's suggestion was carried out about ten or twenty years ago. They are given according to the Inter-state Commerce Commission yet it takes a statistician of a very eminent character to understand these statistics. I do not intend to waste the time of my hon. friend by trying to explain his statistics, nor shall I waste my own time in trying to explain mine.

Mr. YOUNG: I have a Canadian Pacific and a Canadian National report before me and I cannot find anything uniform in them.

Mr. MANION: I quite understand that but I cannot give understanding to my hon. friend. I have given three years to the study of the railway situation and I think I understand it in a general way. However, I am learning every day I continue to occupy this position. If my hon. friend spares only a moment or two from his study of tariffs in order to study railway matters, he must not expect to understand them fully in that short a time.

My hon. friend pointed out that the operating ratio of the Canadian Pacific was considerably lower than that of the Canadian National. That is largely explained by the fact that the Canadian National has something like 5,000 more miles of line and consequently a larger overhead and more extended services. In the case of lines such as the National Transcontinental and the Grand Trunk Pacific, there are hauls which are not very remunerative. I think my hon. friend's contention can be explained without going into details.

My hon. friend stated that when we stopped work upon the Montreal terminals we insisted that the Canadian National build railway cars. I might say to him that the cars built were not ordered by this government. I think 1931 was the year quoted by my hon. friend. The management of the railways believed they needed these cars and while we were endeavouring to cut down the budget as much as possible we did not feel that we had the right to interfere with their requirements. They ordered the cars; we had nothing whatsoever to do with that. My hon. friend's conclusion in that connection is entirely wrong. I might mention that in that same year we purchased something like two million ties as an unemployment relief measure. These were made available to the Canadian National without any cost to the railways. That was one thing that was done to relieve unemployment, and it was not done at the cost of the Canadian National Railways.

Mr. YOUNG: Is that what the minister meant when he said that he asked the Canadian National Railways to advance their program?

Mr. MANION: We spoke to both railways; I discussed that point with Sir Henry Thornton and Mr. Beatty. I asked them to advance their program because we all felt that the depression would be over before this. They agreed to do so in order to fill in the bottom of the gully, so to speak, or the bottom of the depression. Both the Canadian National and the Canadian Pacific did advance their programs. Other than the interest upon the money, neither railway lost anything. They simply filled some of their necessities a little ahead of time. Both railways were treated in exactly the same way. My recollection is that the two companies spent well up to $20,000,000. This amount was spent six months or a year in advance of the time in which it would ordinarily have been spent, but it did not cost the railways anything to build these appliances, or to fill their requirements ahead

of time. I do not wish to go into this matter in detail, but in both cases the government carried the interest charges, I think for a year and a half.

My hon. friend pointed out that according to the figures he was given the Canadian National Railways spent $300 more per mile than the Canadian Pacific on maintenance.

Mr. YOUNG: $345.

Mr. MANION: I was just taking the round figure, but the correct figure is even better for my argument. I hope that he or any other hon. gentleman in this committee will remember that the Canadian National Railways having spent $345 per mile more on maintenance than the Canadian Pacific, apparently have not been strangled as far as maintenance is concerned. They were able to keep their maintenance upon a better basis than the Canadian Pacific. I might say to my hon. friend that not one cent was spent in this way at the request of the government. I am glad my hon. friend has proved that the Canadian National did spend more than the Canadian Pacific upon maintenance, because it answers a lot of the charges which have been made throughout the country by my hon. friend's friend, Mr. Deachman. I think my hon. friend has answered his friend rather well.

I have no desire to go into the Deachman matter in any detail as I do not wish to waste the time of the committee. I do not wish to suggest to-night—I did it the other day, and perhaps correctly—that Mr. Deachman did it intentionally, but Mr. Deachman instituted comparisons of ton miles of freight carried by both railways to the disadvantage of Canadian National Railways, largely by reason of a fallacious index which he himself established. However, it is revenues, not ton miles that count. Let me illustrate what I mean, and I think even my hon. friend will understand this. The distance from Winnipeg to Fort William is 426 miles. If one railway carries a ton of wheat to Fort William it receives $2.80 in revenue. One ton would be carried 426 miles, which would make 426 ton miles. If the other railway carried a ton of first class freight over the same route it would receive $25.60 or 9·1 times as much revenue. Yet the ton miles would be exactly the same. That shows the futility of trying to work comparisons as to revenues from ton mileages, and that is what Mr. Deachman did. Let me give another illustration. Halifax is about 300 miles farther from Montreal than Saint John, and yet the export freight rate to both places is the same. One port is competing with the other. If the Canadian National carries a ton of wheat from Montreal to Halifax, it would be able to show 300 more ton miles than the Canadian Pacific could show in carrying a ton of wheat to Saint John, but the revenues would be the same.

Mr. EULER: The same would apply to Portland.

Mr. MANION: That would also illustrate the same point. It is futile for the ordinary member like my hon. friend or myself, or for a man like Mr. Deachman who is not even a member of this house, to take a few isolated statistics from the Canadian Pacific and try to demonstrate that the Canadian National Railways is being subjected to sabotage by this government. That is what Mr. Deachman did. That is all the point I wanted to make and it illustrates the futility of my hon. friend attempting to demonstrate one thing or the other by statistics.

In regard to the Montreal Terminals, I do not wish to go into that discussion again, but I am as fully convinced as that I am standing here to-night that those terminals were not required. I am not criticizing anybody; it was the idea of the management at that time that this was a very fine investment. They came forward with a $50,000,000 proposition, which it was admitted might run to $75,000,000. They convinced the government of the day—and I do not wish to discuss that point—that this was probably a good investment, and if business conditions had remained as they were at that time, it might have been. But nobody can convince me to-day that it would be wise to go on with those terminals at that vast expense. To expose the fallacy of the point raised a little while ago that the railway spent $10,000,000 on those terminals and this government stopped employment to the extent of $10,000,000, may I say that in the first two years about $8,000,000 of that $10,000,000 was spent in buying land, so that unemployment was not relieved by land purchases.

The hon. member referred to the question of the use by the railways of Canadian materials. He and I argued that out the other day; we take different attitudes with regard to it. He takes the free trade attitude that the government or the railways or the people must buy in the cheapest market no matter where it is. I believe we can go crazy on tariffs, and the world generally has been doing so—I am speaking generally. The tariffs of the world have to come down, but one country alone cannot lower its tariffs without doing harm to itself. The whole world must bring down tariffs.

Mr. MOTHERWELL: We are part of the world.

Mr. MANION: But our hon. friends are arguing for just our part alone. My hon. friend's leader and I listened to Sir Arthur Salter to-day and he takes the attitude that general world tariffs must come down. I believed that even before I heard Sir Arthur Salter say it, but the tariffs of one country alone cannot be lowered without harm being done to itself.

But getting away from tariffs, I am one of those who believe that as far as possible the Canadian National, the Canadian Pacific and all other institutions and individuals should buy Canadian goods if they can get anything like as good an article at anything like as fair a price. I do not say that we should buy goods for double the price. To-day I had before me two tenders for an order for my department, one for Canadian and the other for United States goods. The Canadian goods were unfortunately about one-third higher in price and I thought the difference was too great; I said I did not think there was any justification for that and we would have to take the United States goods. It is possible to go so far in buying Canadian goods that it is uneconomical, but I have never asked the Canadian National to go as far as that. I believe, however, the Canadian National and the Canadian Pacific should, so far as they can, buy Canadian goods as long as they can get a similar article at a reasonable price. Let me point this out: I am quite sure this was not known to the government of that day. In the building of the Montreal terminals and the hotels at Vancouver and Saskatoon the specifications put out by the architects some four or five years ago showed 40 per cent of United States goods. This was the report given to me by Sir Henry Thornton and it was a surprise to him as well as to me. Most of those goods could have been produced in Canada at the same price. Of course the order went forth then and it has obtained ever since, that so far as possible Canadian goods should be purchased so long as they did not have to pay excessive prices for them. That is a reasonable attitude and one I am willing to stand for before any audience at any time. I think I have dealt with all the points brought up by the hon. member.

Mr. YOUNG: In regard to the purchasing of Canadian coal I have under my hand figures from the bureau of statistics showing the amount of coal used per 1,000 gross ton miles and I find the Canadian Pacific, which is able to buy its coal in the open market to a greater extent than is the case with the Canadian National, gets better results from its coal. The figures are as follows:

	Tons
Canadian Pacific..	·0598
Canadian National..	·0607

About two per cent more coal is required to do a given amount of work on the Canadian National than is required on the Canadian Pacific in spite of the fact that I understand the former has better grades.

In regard to the statement of the minister that we cannot understand these figures, that is true; that was the reason I spoke. We are here to oversee the management of the Canadian National and it is important that we should understand the figures. That is why I am asking the minister to have his officers devise a system of reporting that will be so simple that even we with our limited understanding can follow it. I notice he has said that the government did not ask the Canadian National to spend the $10,000,000 additional on equipment or the $7,000,000 additional on maintenance of way. He did not explain why it was spent, and it is his duty as minister to inquire further into this matter of expenditure and report to the house.

Mr. MANION: I have been making inquiries of that sort for many years and that is not the only thing about which I am inquiring.

I am glad to see the leader of the opposition is in his seat. I was sorry to take him away from his pleasant dinner, but from the standpoint of his health I have no doubt done him a favour.

Mr. MACKENZIE KING: I have been sitting here for an hour waiting for the hon. member to finish his speech.

Mr. MANION: I am sorry my right hon. friend has found it as tedious as that. If I had known he was in a hurry to get back to the dinner, I should have finished my remarks more quickly.

I was trying to deal with these amendments in order as we went along. The right hon. gentleman will remember that the hon. member for West Lambton made a proposal—the hon. member for Melville did not remember it—that we adopt into this bill section 23 of the Canadian National Railways Act providing that they must submit to the governor in council and the Board of Railway Commissioners the abandonment of any lines. The right hon. gentleman will remember that we made a proposal that was a compromise, I

will admit, that no railway in Canada may be permitted to abandon lines without submitting the matter to the railway board and the right hon. gentleman accepted that. If the hon. member for West Lambton were here, I am sure he would withdraw his amendment. I think the right hon. gentleman will agree that was the understanding.

Mr. MACKENZIE KING: My impression was that we had withdrawn the amendment.

Mr. MANION: If that is the case, all right. That will clear that up.

The next is an amendment which the right hon. gentleman himself proposed. He suggested that in clause 2, on page one, line 15, the word "and" be struck out and the following paragraph be added, "the provisions of the Industrial Disputes Investigation Act." That will recall the matter to the right hon. member.

Mr. MACKENZIE KING: Paragraph (d) is what I proposed.

Mr. MANION: Yes, my right hon. friend suggested that we add paragraph (d) to except the provisions of the Industrial Disputes Investigation Act. I took the attitude that that was not interfered with by this measure; the provisions of this bill do not prevail over the provisions of the Industrial Disputes Investigation Act for the reason that they do not conflict at all. In order to satisfy my right hon. friend in regard to that, I took the opinion of the Justice department and perhaps the reply would state the position in better words than I could use. I will read the letter from the Department of Justice which is signed by W. Stuart Edwards, Deputy Minister of Justice and dated April 22, 1933:

Dear Mr. Manion,—

I understand from Mr. P. M. Anderson of your department that you desire to be advised upon the question whether there is anything in Bill A, "an Act respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway System, and for other purposes," which will override the provisions of the Industrial Disputes Investigation Act, revised statutes of 1927, chapter 112.

I have carefully examined the provisions of the bill, and am of opinion that none of its provisions will have the effect mentioned. I do not overlook the broad provisions of section 16 whereby the railway companies are authorized to agree upon such cooperative measures, plans and arrangements as are fair and reasonable and best adapted to attain the purposes of effecting economies and providing for more remunerative operation. I am clearly of opinion that these broad general powers do not authorize the doing of anything inconsistent with the provisions of the Industrial Disputes Investigation Act, and I am satisfied also that none of the more specific provisions of the bill can be interpreted as having such effect.

In view of that opinion I trust that my right hon. friend will not press his amendment. If at all possible we do not wish to clutter up the bill with unnecessary amendments or unnecessary exceptions. It has been argued two or three times here to-day, in regard to one or two exceptions, that because a certain exception was mentioned it made something else applicable. The more exceptions we make the more danger there is of misunderstandings in the interpretation of the bill. I appeal therefore to the right hon. gentleman not to press his amendment.

Mr. MACKENZIE KING: There was no formal motion made. The proposal I made at the time was partly to bring to a termination a long discussion that we had been having, and I suggested means that I thought would probably meet the situation from both sides. I think that if section 2 were differently worded from what it is there probably would not be the same need for the suggested amendment. The section starts out with the words:

The provisions of this act shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts.

That is a very involved sentence, and this suggestion of provisions inconsistent with the provisions of other acts raises at once the question of provisions of acts which have been passed especially with a view to protecting railway labour, and the Industrial Disputes Investigation Act had that as well as the public interest as a primary purpose of its existence. It was for that reason that I made the suggestion. It would not clutter up the act; it would not increase its length beyond the extent of a single line to add a paragraph (d) reading, "the provisions of the Industrial Disputes Investigation Act." It might not make any actual difference in the effect of the act, but it would, I believe, make a great difference in the attitude of labour towards the act, and I think that is well worth while in dealing with a question that involves the attitude of employees towards a particular measure. I would hope that the minister would see the advantage from a public point of view of inserting just that one clause in that way for that reason.

As I see it, the railway employees to-day are suspicious of this act. They fear that it is going to throw many of them out of employment, and that a lot of them will suffer

serious loss, and what they fear most is the arbitrary methods that may be invoked in administering some of the provisions of the act. They look upon the Industrial Disputes Investigation Act as a protection against summary and arbitrary action. I believe that the opinion which the minister was given by the Justice department is correct. I believe that the provisions of the Industrial Disputes Investigation Act are not overridden by this act, and I would personally be prepared to accept the minister's word for it, but I still think that on grounds of public policy there is a very strong reason for including that one subsection. I believe that it will make railway labour much more prepared to accept this act in the spirit in which the government would like to have it accepted. It will help to remove some suspicion of the act, and to the extent that it does that, it will lend an added sense of security to those in the employ of the roads and serve a highly useful purpose in so doing.

Mr. GEARY: I wonder if the right hon. gentleman will not think that he has achieved his purpose by the discussion thus far, and by having had read into the record the opinion of the legal department, with which he agrees. I see a great deal of danger in putting anything that is unnecessary into legislation. It is quite possible that the insertion of the clause my right hon. friend suggests would hold out to the men hopes that may not be realized. I cannot recall from memory any provision of the Industrial Disputes Investigation Act that would apply to the situation raised by section 16 to which my right hon. friend adverted. True it is that the Industrial Disputes Investigation Act provides for a conciliation board as between an employer and one man only, but a reading of the interpretation clauses of that act I think will convince my right hon. friend that such things as are occurring now and will occur under this bill have no place under the Industrial Disputes Investigation Act. For instance, reference has already been made to the displacement of labour in connection with the pooled services between here and Toronto, and between here and Montreal. That was not done under this act, but it has had the effect, so it was claimed in the house this afternoon, of releasing some men from work or of destroying the work which might otherwise have been obtained by some men. But I do not think that it has ever occurred to the labour bodies that this was a matter for settlement under the Industrial Disputes Investigation Act. If you were to insert such a clause as has been suggested it might be holding out to the men a false hope that perhaps the Industrial Disputes Investigation Act was being interpreted in a manner that would allow matters affected by the tribunal, for instance, to come within its ambit when actually they did not come within it at all.

My strong objection really is to putting into legislation anything that is unnecessary, to cluttering up legislation. We have had too much experience of the difficulties of construing a statute. It should be construed within its four corners, and if within its four corners you find an exception which, according to my right hon. friend and the minister, will if put in there serve no useful purpose at all, then possibly the railway men will forget this discussion or refer to the insertion of the exception as indicating that in some way or other the Industrial Disputes Investigation Act was being widened so as to embrace something which it does not embrace at all. If there was any good object to be served, if there was any doubt in the minds of the legal advisers, if they could suggest that this might cure a difficulty that could reasonably be foreseen, I would have no objection; but as a lawyer, as one who has had to do with statutes in the courts, I do object very seriously to any statute having in it anything that by common consent has no effect whatever in the statute.

Mr. MACKENZIE KING: The argument of my hon. friend seems to me to constitute the real reason why the clause should be inserted. He says that the insertion of it might hold out a false hope. I submit that the unwillingness of the government to insert anything so obviously fair creates a suspicion which may or may not be false. I think an object in all legislation should be to make absolutely clear and above suspicion its purpose and intention. I do not think that we can get away from the fact that this act in one or two particulars is going to bear very hard upon some of the labour employed. None of us likes to see these drastic economies. I think the minister himself is quite sincere when he says that it is a painful business to put through a measure which is going to mean, because it is necessary to make economies, that a number of men are going to be thrown out of employment. If that is the case let us, as I said the other evening, seek to make the condition created by the measure as little grievous as we can possibly make it. If by inserting some clause which gives to the great body of railway employees the feeling that at least if this nightmare of unemploy-

ment is coming upon them it will not come upon them in an arbitrary and unjust way, if that be the effect of the insertion of the clause, it seems to me the government ought to jump at it and insert such a clause immediately.

Speaking of the cluttering up of statutes, this bill is full of cluttering clauses. I could show the minister a dozen, and I would be agreeable to striking out ten or twelve lines which I am prepared to cite for the substitution of this one, if the minister should deem that necessary in order to insert a clause such as I suggest. This statute is full of unnecessary verbiage, as most statutes are. Just why one paragraph, "(d) the provisions of the Industrial Disputes Investigation Act," referring to an act passed over twenty-five years ago and which has come to be recognized by labour as something that is a protection to its members as well as to the public, should not be inserted. I cannot for the life of me understand. The fact that the government is at all hesitant about it, and that any of its supporters should uphold them in their desire to keep the provision out, creates in my mind just the very feeling that after all there may be something here which hon. members are a little afraid labour will take advantage of to protect itself. I believe in this legislation we ought to try to protect labour as much as we can.

Mr. MANION: During this debate the right hon. gentleman has been exceedingly courteous, and because we have objected to the clause proposed by the hon. member for West Lambton I do not think he should suggest it must necessarily involve some insidious attack upon labour. Generally speaking the right hon. gentleman has been reasonably fair.

Mr. MACKENZIE KING: I have presented the point of view as I think labour will see it.

Mr. MANION: I do not think the right hon. gentleman is quite fair, as I believe he will admit that he has not the interests of labour at heart any more than the rest of us have. He has said that if anything could be put into the legislation which would convince labour that it was being fairly treated, it should be put in. I admit that. But at the same time is it fair to put into the act something which has no effect upon labour, but gives them a false sense of security?

Mr. MACKENZIE KING: Why a false sense?

[Mr. Mackenzie King.]

Mr. MANION: That is the point raised by the hon. member for Toronto South. I do not think it is fair to give labour a sense of security which does not exist. The Department of Justice is not prejudiced in this matter, and its attitude is that the provisions of this legislation do not in any way affect the provisions of the Industrial Disputes Investigation Act. The other evening when we were discussing this matter I made that statement, and the hon. member for Vancouver Centre nodded his assent to it. The lawyer attached to my department, who was appointed by the late government, takes exactly the same attitude as is taken by the Department of Justice. The hon. member for Toronto South is of the same opinion. I have no intention of being arbitrary in the matter. But there is still another attitude which both railway companies have submitted to me. I was not going to argue the matter, but probably in the circumstances I should speak fully. I was anxious not to clutter up the bill. I agree with the leader of the opposition that there are a number of clauses which the bill could do without. That statement would apply to most of the subclauses of clause 2, and if they were left out the bill would be better for it. But after lengthy discussions with various interests, including labour, those sections were placed in the bill. Very often legislation is not interpreted by courts, but by laymen. For instance, while the chairman of the Board of Railway Commissioners was a well known judge, there are men on the board who have not had legal training. The possibility pointed out is that if you include unnecessary clauses in bills those clauses are brought to the attention of the laymen on the board, and because something has been put in which should have had no effect upon the legislation, there is the possibility of misinterpretation. I am laying the facts before the right hon. gentleman and am still willing to listen to argument. I should like however to leave the bill as clear cut as possible although I admit even now it is not as clear cut as it might be.

Mr. HEENAN: I understand the hon. member for Toronto South and the minister are desirous of having a clear understanding as to the necessity for the insertion of this clause. Let me point out, as the leader of the opposition has done, that the provisions of this section shall bind His Majesty and shall prevail over all inconsistent provisions of all other acts. Then, if we turn to section 16 we will find that the railroad companies in conjunction with the heads of the organizations

will divide their work proportionately. I have no doubt that the minister can imagine the many disagreements there will be throughout Canada in connection with the merging of these men. Someone will have to be called in to arrange settlements. And then in view of the fact that this bill provides that the railroad companies together with the heads of the organizations will endeavour to do so and so, we read into it that the Industrial Disputes Investigation Act would be inconsistent with the provisions of this legislation. In other words the suggestion is that this act would prevail over the Industrial Disputes Investigation Act.

Mr. GEARY: There is nothing of the kind in it.

Mr. MANION: No.

Mr. HEENAN: Hon. members opposite may be right, but the men who have spent their lives in railway work and meet these conditions every day believe that the bill does prevail over the provisions of the Industrial Disputes Investigation Act. There is a direction in the bill to do thus and so. There is no doubt that there will be disagreement hundreds of times. There will not be an adjustment in the next ten years of all the disputes which will arise. The men want to be assured that they can use the Industrial Disputes Investigation Act as in connection with any other dispute. Apart from that I wish to point out to the minister this: Last Thursday there was a long discussion which, I believe, might have been much shorter. One of the conditions upon which I withdrew my amendment was that the government would accept the amendment of the hon. member for East Algoma. At that time the government promised the leader of the opposition that they would consider the provision for which we are now asking, namely the insertion of the safeguard of the Industrial Disputes Investigation Act. I do not wish to repeat—and I do wish the minister would pay attention to me, so that we may understand each other; if he would listen I would not have to repeat myself. The men contend that under section 16, which authorizes the railway companies together with the men to agree on the merging of the men into several seniority districts, they should be able to resort to the provisions of the Industrial Disputes Investigation Act. I am sure that notwithstanding what our lawyer friends say, any court would interpret this measure to mean that its provisions would prevail over the Industrial Disputes Investigation Act.

I should like to point out to the minister a few examples which I am sure, would not draw much on his imagination. Let us suppose that the Canadian National shops in Montreal were closed. In order to balance that we give the representatives of the railroad organizations the right to merge the men into shops in some other parts say of the Canadian Pacific Railway. In the first place these men have no rights now to work at other points under the seniority rules. That will have to be a new right created through negotiations between the companies and the men. I could give as another example the Canadian National, the old Grank Trunk and the Canadian Pacific being concerned in a merger of services. Under present conditions the Canadian National men have no rights whatever on the Grand Trunk proper, and vice versa; and the men on neither of these roads have any rights to employment on the Canadian Pacific. Yet it will be necessary in the case of all such mergers for them to get together with their employers as to these seniority rights. I am satisfied that all the disputes that will arise between the men and the companies will not be adjusted in the next ten years.

Mr. GEARY: Would the hon. member permit a question?—because I want to get at his argument. Is such a case covered by the Industrial Disputes Investigation Act? Is that his point?

Mr. HEENAN: No, that is not my point. My point is that this bill we are now discussing provides that these mergers will take place, and while it does not say so, the railroad companies together with their organizations will endeavour to arrive at an apportionment of the work. If they do not agree then the men will want to resort to the Industrial Disputes Investigation Act to settle it. If the government do not insert this provision. I think they ought to be willing to appoint a board of adjustment and pay them full time to settle all these disputes until they are all finally cleared away.

Mr. GEARY: But the opinion of the law officers is that that is all covered, that the Industrial Disputes Investigation Act is not interfered with, and that all the remedies given under that act remain in effect. That is my point—that there is nothing in this measure to disturb the application of the Industrial Disputes Investigation Act. I would be among the last to say that the men's

rights under the existing act should be destroyed. But the opinion of the law officers of the crown is that that act remains undisturbed.

Mr. HEENAN: I agree that my hon. friend thinks so, and that the Justice department think so and that the government think so, but the men do not think so. What harm, then, would it do to insert a safeguard making it perfectly clear? We argued here all day Thursday on this very point, and it was because the government agreed to consider this, practically agreed to insert such a provision, that I relinquished the floor and withdrew my amendment. I withdrew it in good faith, feeling sure that the minister, after what he said last Thursday, would take care of the suggestion made by the leader of the opposition. It cannot do any harm; the men want it; the minister says it is covered anyway, the Justice department say it is covered. What then is the objection to inserting these few words safeguarding the provisions of the Industrial Disputes Investigation Act?

Mr. MANION: The hon. gentleman certainly misinterpreted me if he thinks I said I was going to adopt this. The right hon. gentleman did suggest it and I said we would give it every consideration. I have given my answer in regard to it; the Justice department say it is not necessary. However, I do not know any particular reason why we should fight all night, we have been all day on this section, and as far as I am concerned I am a bit tired of arguing it. I am absolutely convinced, on the opinion of every lawyer whom I have consulted on both sides of the house, as well as of the Justice department, that the suggested amendment is not necessary. My hon. friend the Minister of Labour, looking it over a minute ago, endorsed the opinion that the men are amply protected without any amendment, as far as the Industrial Disputes Investigation Act is concerned; that the provisions of this bill do not interfere with the provisions of that act; that it is not the case, as the hon. member for Kenora-Rainy River said, that this act prevails over the Industrial Disputes Investigation Act. There is no provision in this act that interferes with any provision of the Industrial Disputes Investigation Act. However, I do not wish to take any arbitrary stand and if the leader of the opposition feels as he says he does, I am going to ask my colleague the Minister of Labour to move this amendment to this bill.

[Mr. Geary.]

Mr. GORDON: I have reviewed the provisions of the bill in the light of the Industrial Disputes Investigation Act, and I do not think it was the intention of anyone on either side of the house to defeat the right of the workmen on the railways to have resort to the provisions of the Industrial Disputes Investigation Act. There is, as has been pointed out by one of the members for Toronto, a danger in the drafting of any statute that the inclusion of something in that statute may by inference imperil the rights of those who seek remedies that the statute without such inclusion already gives them. That is the only danger. But I cannot see that that danger seriously arises here. Of course one may be wrong, but from my experience in the interpretation of statutes I think the inclusion of such a provision as this does not add anything to it, nor is it likely to subtract anything from it, although I would not be so sure that by inference it might not. It would be too bad if the position of the railway workers were in any way imperilled. I do not think it is. It seems to be the opinion of some, particularly of the right hon. leader of the opposition, that the proposed change would add some clearness to the bill, so I would defer to his view. It does not change at all what I believe to be the proper legal construction and interpretation of the act itself. We all know that the Industrial Disputes Investigation Act has provided the machinery for the disposition of what otherwise might be contests between employers and employees that would be most difficult to adjust. Certainly it never was in the mind of the government, and I doubt if it was in the mind of any member of this chamber, that any right of the workmen should be imperilled one iota by the passage of this legislation, as far as the right to resort to the Industrial Disputes Investigation Act is concerned.

Therefore I move:

That section 2, subsection 1, line 15, be amended by striking out the word "and" and adding the following after paragraph (c):

"and

(d) the provisions of the Industrial Disputes Investigation Act."

Mr. MACKENZIE KING: I would like to thank the minister for having accepted in the spirit he has the suggestion that I made, and may I repeat to him what I said as to the genuineness of his belief as to the opinion of the Justice department being a strictly legal one and as such meeting the point from a legal point of view. But I do think nevertheless that the minister has acted wisely in

inserting this provision, especially because of the involved nature of the first clause of section 2. If that clause were differently worded there would not be the same reason for this amendment; but with the clause worded as it is, talking about inconsistent provisions of other statutes, it is very desirable that this clarity should be given the section, and I am sure the results will more than repay the minister for what he has done.

Amendment agreed to.

The CHAIRMAN: I have before me an amendment proposed by the hon. member for West Lambton. The hon. gentleman is not present.

Mr. MANION: I understood it was to be withdrawn.

The CHAIRMAN: It cannot be withdrawn in the absence of the hon. member who proposes it.

Mr. MANION: If it is not withdrawn I will ask for a vote. I have played the game and I think it is about time we made progress.

Mr. STEWART (Edmonton): I was going to suggest a method of getting around this difficulty. Let the amendment stand until the hon. member comes back—

Mr. MANION: I will not agree to that. I have agreed to most everything on earth for the sake of peace and quiet in the family. We have made compromises and agreed with hon. gentlemen opposite on everything possible. We put in that provision with regard to the Board of Railway Commissioners to satisfy them and now they want us to hold up the bill.

Mr. MACKENZIE KING: It is the chairman who is pointing out that the hon. member for West Lambton is absent and that the amendment cannot be withdrawn under the circumstances. I agree with the Minister of Railways. We had an understanding and I asked that this particular amendment should not be brought forward in view of the proposal which the minister himself made. The minister introduced a section which I said I was sure would satisfy the hon. member for West Lambton, and I am still of that view. If it cannot be withdrawn—

The CHAIRMAN: Under the rules it cannot be withdrawn in the absence of the hon. member.

Mr. MACKENZIE KING: Well, in the circumstances we might all vote against the amendment.

Sir GEORGE PERLEY: Perhaps the leader of the opposition would take the responsibility of withdrawing the amendment on behalf of the hon. member.

Mr. STEWART (Edmonton): The chairman says it cannot be withdrawn.

Mr. MANION: May I ask you, Mr. Chairman, to read the rule that prevents our having a vote on the amendment.

The CHAIRMAN: There is nothing to prevent the committee voting on the amendment, but the amendment cannot be withdrawn ir the absence of the hon. member who proposed it.

Mr. MACKENZIE KING: Surely anything can be done by unanimous consent.

The CHAIRMAN: No; there is a special rule in this regard.

Sir GEORGE PERLEY: Will the chairman be good enough to put the amendment.

The CHAIRMAN: Neither a motion nor an amendment can be withdrawn in the absence of the member who moved it.

Mr. REID: Put the amendment and we will vote it down.

Amendment negatived.

Section as amended agreed to.

On section 4, subsection (2)—Chairman. To devote all his time.

Mr. MANION: In connection with this provision there was a proposal by the hon. member for West Middlesex. The hon. gentleman brought up the question of full time on the part of the three trustees as opposed to the chairman devoting full time and the other two members being part time. In this connection the Prime Minister and the members of the government are of the opinion that perhaps it would be wise for the government to have power to provide for three full time men for one, two or three years as might be deemed desirable, in order that they might become thoroughly familiar with the whole railway situation. The problems are quite complicated and difficult, and no one knows better than I do how long it takes one to become thoroughly familiar with them. In-

deed, I am not yet entirely conversant with the whole situation although I have devoted three years of concentrated study to it. The hon. the member for West Middlesex in his amendment proposed that each trustee should devote his whole time. He suggested: "One of such trustees shall be their chairman. Each shall devote his whole time," the word "each" being substituted for "he." That would make all three full time men. The amendment which I shall propose will read:

(3) The trustees, other than the chairman, first appointed under the provisions of this act shall from time to time during the terms of their appointments devote to performance of the duties of their office their whole or part time as may be determined from time to time by the governor in council, and the salaries to be paid to such trustees for whole and/or part time service shall be fixed at the time of their appointments.

This may sound complicated, but if we appointed three men on full time and with full salary it would require an act of parliament to make any change in their status. In this regard I would direct the attention of the committee to section 7, which provides:

No trustee shall be removed from office, nor suffer any reduction in salary, during the term for which he is appointed, unless for assigned cause and on address of the Senate and House of Commons of Canada.

In view of that provision, which we do not agree to withdraw, we could not appoint a trustee on full time for any period and later place him on part time at a reduced salary or remove him from office without assigning a cause and securing an address of the Senate and the House of Commons of Canada. We therefore deem it best to leave the bill in such a form as to enable the government to deal with the matter as it sees fit.

Mr. STEWART (Edmonton): Is the minister shortening the term of appointment?

The CHAIRMAN: Is that under section 4?

Mr. MANION: Yes, subsection 2.

Mr. ELLIOTT: The minister, I understand, intends to leave subsection 2 as it is.

Mr. MANION: Yes.

Mr. ELLIOTT: That is to say, one of the trustees shall be chairman and he shall devote his whole time. That settles the matter so far as he is concerned.

Mr. MANION: Yes.

Mr. ELLIOTT: Then following subsection 2 there will be the new subsection which the minister proposes. It provides for the trustees other than the chairman and requires them to devote their full time—that is, the first set appointed.

Mr. MANION: No, my hon. friend is wrong; if the government so decides, and that is the thought of the government at the present time. The government at the moment feels that it would be better to put them in for full time; so that in all probability, if the section is amended as proposed, that will be done.

Mr. ELLIOTT: They shall, during the terms of their first appointment, devote to the performance of their duties their whole or part time as determined from time to time by the governor in council.

Mr. MANION: Yes.

Mr. ELLIOTT: It is surely a step in the right direction. I really think that these three trustees, conducting a business as large as this, should devote their full time to it, and I am glad the minister has seen fit to go that far.

The CHAIRMAN: The amendment will be subsection 3.

Mr. MANION: I was just reading that. Before we submit that, I would like to change the wording of subclause 2 in order to make it a little clearer. It has been thought that this subclause is not clear enough. I shall read the amendment first and then have my colleague move it. It reads:

One of such trustees shall be their chairman. He shall devote his whole time to performance of the duties of his office and shall not be an officer nor after his appointment as trustee become otherwise than by reelection a director of any company other than a company which is comprised in National railways.

I think that makes the meaning a little clearer without changing the sense.

Mr. SPENCER: Do I understand the minister to say that all the trustees will give their full time for the first three years, after which the two trustees other than the chairman will be put on part time?

Mr. MANION: I cannot see that far ahead. If these amendments are accepted by the committee, as I hope they will be, the government will have the power to appoint the three trustees on full time for as long a period as they choose, up to the length of the period of appointment. The intention is to appoint the three trustees for full time for

one, two or three years, or until they become thoroughly familiar with the work. After that time, it is possible that the trustees other than the chairman will be put on part time, but that is something that would be decided in the future according to circumstances.

Mr. SPENCER: It strikes me that if these trustees are kept on such important business as the railway business for two or three years it would be very difficult for them to find ways and means of giving up their work. They will be needed to carry on.

Mr. MACKENZIE (Vancouver): I trust the minister understands that this amendment does not remove our objection to section 7 as it now stands.

Mr. MANION: We are not dealing with section 7.

Mr. STEWART (Edmonton): I do not see that this amendment makes very much change in the bill as it stands. This amendment will give to the governor in council the power to say whether the two trustees other than the chairman are to work full or part time for a period of two or three years. The question whether they are going to work full or part time is not so important; it is to section 7 which deals with the selection from a panel that I object most strenuously.

Mr. MANION: That is section 6.

Mr. STEWART (Edmonton): There will remain what I and a good many other members of this committee consider to be the most objectionable features of this bill. This amendment is a mere bagatelle if the rest of the objectionable features are not to be removed. Full control should be taken by the governor in council. That is the serious feature of the whole bill.

Mr. MANION: We will be there in a minute.

Mr. STEWART (Edmonton): I do not look upon this amendment as effecting anything—

Mr. GEARY: It is a small piece of mercy.

Mr. STEWART (Edmonton): It is a very small piece of mercy if the balance of this section and section 7 are to stand.

Mr. GORDON: I move that subclause 2 of section 4 be struck out and the following substituted therefor:

One of such trustees shall be their chairman. He shall devote his whole time to performance of the duties of his office and shall not be an officer nor after his appointment as trustee become otherwise than by reelection a director of any company other than a company which is comprised in national railways.

Mr. MANION: I understand that the hon. member for West Middlesex is withdrawing his amendment.

Mr. ELLIOTT: Yes.

Amendment (Mr. Elliott) withdrawn.

Mr. GARLAND (Bow River): Do I understand the amendment to mean that the chairman may not hold the office of director of any company other than one connected with the Canadian National Railways except by reelection? In other words, he can hold directorships in concerns other than the Canadian National Railways if he holds such office at the time of his appointment and is reelected.

Mr. MANION: That is right.

Mr. GARLAND (Bow River): I do not like that.

Mr. STEWART (Edmonton): In another company?

Mr. MANION: Yes, but not another railway company.

Mr. MACKENZIE KING: Other business concerns?

Mr. MANION: Just the same as Mr. Beatty is the director of a number of other companies, such as the Bank of Montreal.

Mr. GARLAND (Bow River): He should not be.

Mr. MANION: Suppose it is decided to take a man from the business world to take charge of these railways from a business standpoint. If he has been the president of companies which he has helped to build up over a period of years, it would be very difficult to get him to drop all contact with those companies. Acting as a director of a company does not take very much time. As long as he was only connected with companies which did not conflict with the railway company, it would be to the advantage of the railway company. The hon. member for West Edmonton is a director of a number of companies and he knows it does not take much time.

Mr. STEWART (Edmonton): One only.

Mr. MANION: It does not take much time to attend a meeting once a month. Mr.

Beatty, the president of the Canadian Pacific railway, is a director in a number of companies. Sir Henry Thornton was a director in a number of companies, including the Royal Bank. If the chairman of this board is not permitted to be a director in any other company, possibly one with which he has been closely associated for a number of years and has helped to build up, I submit it will be very difficult to get a man of the type we may desire to take the position. I think that statement is unanswerable.

Mr. MACKENZIE KING: Is it not introducing and recognizing the factor of interlocking directorates, which factor is likely to become one of the biggest questions to be faced by governments in dealing with the financial and industrial world? I do not think we ought to countenance, let alone invite, that sort of thing by legislation. There is no doubt in the world that much of the evil which exists to-day in the industrial and financial world has grown up largely because of interlocking directorates. If the chairman of this board is to be permitted to be on the directorates of banks and financial and business corporations, it simply means that the Canadian National Railways will be supplying patronage to all these different concerns.

Mr. MANION: Or those concerns will be supplying patronage to the Canadian National Railways.

Mr. MACKENZIE KING: The orders for what is needed by the Canadian National Railways will be placed with the different concerns which the gentleman happens to be representing. If the chairman of this board is to be the important personage indicated here, he should be absolutely divorced from relationship with other businesses so that he can be perfectly impartial when dealing with national railway affairs as they relate to other financial, commercial and industrial concerns in the country.

Mr. GARLAND (Bow River): I agree entirely with the analysis made by the leader of the opposition of the point to which I just directed the attention of the Minister of Railways. I understand that this point was raised in previous discussions of this particular clause. It is possible that this czar, as he has been called, may be a director of the Canadian Pacific Railway. As I understand it, this man is to be the directing head of a publicly owned railway system and presumably he will be in sympathy with the conception of the principle of public ownership. I submit that no man who is so shackled to the present competitive system as to be a powerful director of other big corporations can sever his conception of a social order from those entanglements in which he is privately interested. I would suggest that any person who is selected for this important position should at least be required to sever his directorships in other great corporations; this is the least we can ask of him. We all know that in the past we have had great difficulty in finding men of talent and capability who were not born in and ingrained with, yes, the evils, if you like, of the present system. The greatest problem this administration has is to find just such men, men who are not only pledged to the principle of public ownership, but prepared, if necessary, to make some sacrifices in order to render effective their administration of this enormous enterprise. I do not think the minister is well advised in providing as he has done in this clause.

Mr. MANION: The hon. gentleman said that we could appoint even a director of the Canadian Pacific Railway. There is no doubt that within the four corners of that clause we could, but I can easily imagine what would happen to this or any other government if it chose to appoint a director of the Canadian Pacific Railway as president of the Canadian National, so I think that answers itself. A government would have to be entirely out of its head to do any such thing, so I think any government can be trusted not to appoint a director of the Canadian Pacific as president of the Canadian National.

Mr. REID: Is it not the case that one of the other trustees could in due course of time become president? This is provided for in case of death.

Mr. MANION: It is just as unlikely as anything could be for this or any other government to appoint directors of the Canadian Pacific as trustees. I do not think we need argue that feature of the matter. For a government to appoint a director of the Canadian Pacific as trustee of the Canadian National would be too obvious an attempt to bring about amalgamation and absorption, so that no government would dare to do it. The thing is so remote from possibility we do not need to argue the question.

Mr. REID: Then leave the old clause in so as to make sure.

Mr. MANION: We have not changed the sense of the old clause; the wording is different.

In regard to directors in general, I cannot agree with the hon. member for Bow River that because a man is a director of some company, for instance, a flour milling, packing, mining or oil company, any one of which would be in a position to give business to the Canadian National Railways, it would be injurious to the national railway to have such a man. I have no doubt in the world that if we had inserted a provision that he must not be a director of any other company, we would immediately have been attacked —and I am not saying that we would be by my hon. friend—on the ground that Mr. Beatty is a director of a number of companies and we would be putting this man at a disadvantage.

Mr. GARLAND (Bow River): The minister would not be criticized by me.

Mr. MANION: I am not saying that, but we would be criticized. The fact that a man is a director of a company does not condemn him unless he is a director of an opposing company.

Mr. POWER: Could he not be got to resign if he were?

Mr. MANION: Yes, that might be done, as the present Prime Minister did when he came into the government; he resigned from all his directorships. It may be that we shall find in the dominion some man who is willing to do as the Prime Minister did. But we might pick out a man—I have one in mind at the moment; I do not wish to name him because I do not think anyone knows we have him in mind, an outstanding, successful man, who is not only a director, but president of a number of companies which he has built up—

Mr. GARLAND (Bow River): It is not Sir Charles Gordon?

Mr. MANION: No. This man has built up a number of companies upon which he is to-day one of the officers. Supposing that man said: Here is a company—we will imagine it is a flour milling company—that I have been associated with for twenty years; I have helped to build it up; I wish to keep an eye on it, to have some right to look into its affairs, and I would not consider taking a position like this without that privilege. If the government were up against a situation of this kind, it might be eminently fair and just for such a man to be chosen. If we can get a man who is not a director of any other company or who will resign from such positions, so much the better, but the hands of the government should not be tied.

Mr. MACKENZIE KING: Where in the clause as now drafted does it permit what my hon. friend says it does? As I read the clause, it distinctly prevents the chairman from being a member of the board of directors of any other company than those comprised by the Canadian National.

Mr. MANION: No.

Mr. MACKENZIE KING: Let me read the clause:

> One of such trustees shall be their chairman. He shall devote his whole time to performance of the duties of his office and shall not be an officer of any company other than a company which is comprised in National railways.

Mr. MANION: But a director is not an officer. The clause refers to an officer of any other company.

Mr. MACKENZIE KING: I see.

Mr. MANION: A president is an officer of a company. A man could not remain president of some company because that is an office. Supposing we chose the president of some flour milling company—and by the way, I am not thinking of anybody, so do not connect anyone with that—and we wanted to appoint him. He might say: I would like to do this public service and I think I could do it well, but for twenty years I have been president of this company; I have helped to build it up; I do not wish to give it up entirely; as director of that company I can give a certain amount of traffic to the Canadian National. Surely it is of advantage to the Canadian National to have a man who would have connections of that kind. It is argued, and I think rightly, that out of the seventeen directors of the Canadian Pacific, many are put on as directors because of their business connections. For instance, take Mr. McLaughlin of General Motors, Oshawa, who is one of the directors of the Canadian Pacific: it is stated quite openly and I think correctly—and this is to his credit—that he gives business to the Canadian Pacific. There is Mr. James Stewart, who used to be in the flour milling business and who was formerly a director of the Canadian Pacific. I have no doubt many men were made directors of the Canadian Pacific because they could give business to it. Surely we should not absolutely tie our hands to prevent us from appointing a suitable man if he happened to be a director of some company which might give business to the Canadian National.

Mr. MACKENZIE KING: If we were appointing a number of directors who as such were each receiving a nominal fee, there might be something in what my hon. friend is saying. But the point is that this gentleman, I assume, will receive a very high salary, one comparable at least with that given to the governor general of this country. If the gentleman to be appointed as chief trustee of the national railway is to be placed in that position, he ought to be obliged to divest himself of his relationship with other concerns. The minister has referred to the position of the Prime Minister. The Prime Minister apparently felt for public reasons he should not in the discharge of his public office as prime minister retain his position on boards of directors of different concerns. Exactly the same argument would apply to the position of the gentleman who is to be chairman of the trustees of the Canadian National, and even more so because he will have it in his power immediately to direct business to individual concerns in a way that the Prime Minister himself in all probability would not have. It is a very wrong principle to encourage, and certainly to encourage by legislation; because I venture to say that before very long this parliament will legislate to prevent the interlocking of directorates which exists in a great many concerns at the present time.

Mr. MANION: I do not wish to prolong the argument, but there are one or two points worthy of remembrance. To mention Mr. Beatty again, surely it does not interfere with his capacity as president of the Canadian Pacific Railway that he is also a director of the Bank of Montreal and a director I believe of a number of companies. Surely it did not interfere with Sir Henry Thornton, who was president and on a salary not equal to the governor-general's, but three times as much if you include his expense account—

Mr. GARLAND (Bow River): It has been alleged that it did interfere.

Mr. MANION: I have never heard that alleged. Sir Henry Thornton was a director of the Royal Bank for many years, and I did not know that that interfered at all—I never heard it alleged. Other men are in the same position. I submit that a man might be a director of three or four companies in addition to being president of this road, and those three or four directorates might well not take five per cent of his time, leaving him free to devote the other ninety-five per cent of his time to the road, which would be doing pretty well.

Mr. MACKENZIE KING: Sir Henry Thornton is not here to speak for himself. I was told by Sir Henry Thornton that word had been sent to him that he was to resign his position with the Royal bank at the instance of this government.

Mr. MANION: I can tell the right hon. gentleman that no such word was ever sent to Sir Henry Thornton by this government or by any member of this government.

Mr. MACKENZIE KING: My hon. friend speaks as if he knew what the Prime Minister may have said as well as himself, but I say that Sir Henry Thornton said to me personally that word had been sent that he was to resign from the board of directors of the Royal bank because he was president of the Canadian National Railways, and that the two positions were not compatible. He thought it was an extraordinary action on the part of the government to take. Word was sent to him from the Royal bank to resign, and he did resign. I make that statement with full knowledge of what I am saying. If it were thought necessary by the government of the day through the Royal Bank of Canada to tell Sir Henry Thornton as president that he was to resign from that directorate, the same argument applies to anyone who is to be appointed as trustee and chairman of the Canadian National Railways with respect to his continuing to hold other directorships.

Mr. MANION: I think I know the orders that were given to Sir Henry Thornton when president of the Canadian National Railways. I gave most of them myself so far as this government is concerned. I do not think the Prime Minister gave him any such order because if he had I think he would have advised me of it, and he never advised me. I do not believe he gave any such order. I did not, and no one else had any right to give any such order.

Mr. MACKENZIE KING: Will the minister say that the Royal bank did not ask Sir Henry Thornton to resign his directorship at the instance of the government of Canada?

Mr. MANION: So far as I know I absolutely deny it. The Royal bank may have asked him to resign; I know nothing about that.

Mr. MACKENZIE KING: I say that Sir Henry Thornton so advised me, and I believe he was telling the truth when he told it to me.

Mr. MANION: I do not wish to question the word of a dead man. I am speaking for a live man, and I make the statement that he did not get that order; he was not told to retire from the Royal bank because of any order of this government, and so far as I know—I cannot speak positively for what the Prime Minister may have done, but I am convinced that the Prime Minister gave no such order, irrespective of what the right hon. gentleman heard from Sir Henry Thornton. I might quote Sir Henry Thornton too on a number of different things that perhaps would not be creditable to a number of members of this house.

Mr. MACKENZIE KING: I wish my hon. friend would not make general threats. I ask him to quote Sir Henry Thornton on anything.

Mr. MANION: Sir Henry Thornton told me, not once but many times, that he was forced by the right hon. gentleman to spend the money of this country on all kinds of expenditures for this railway that he personally did not feel it was wise for the Canadian National Railways to expend.

Mr. MACKENZIE KING: I think my word is as good as my hon. friend's, and I venture to say that Sir Henry Thornton never said such a thing to him in his life, never used the expression about being forced to do anything by the government, and I say more, that all the time he was president of the Canadian National Railways I never asked Sir Henry Thornton to do anything that involved public expenditure. I make that statement on my honour as a member of this house.

Mr. MANION: I am not accusing the right hon. gentleman of having done it. I did not quote Sir Henry Thornton until he dared me to. I quoted what Sir Henry Thornton stated to me. I never stated that I charged the right hon. gentleman with anything, but he dared me to quote Sir Henry Thornton on anything, and I quoted him, and I say again not once but a number of times Sir Henry Thornton told me that he was practically forced to build branch lines and do other things for political purposes which he did not wish to do, and which were not good for the Canadian National Railways. I took that attitude, and I repeat it, and my word is as good as that of the right hon. gentleman. I was not questioning that Sir Henry Thornton made the statement he is alleged to have made to the right hon. gentleman. I was saying that this government did not give Sir Henry Thornton that order, and I think I would know if it had. I cannot answer positively for the Prime Minister, but I do not believe that the Prime Minister ever gave any such order to Sir Henry Thornton. I do not believe that the Royal bank was ever instructed by this government or by any member of it to ask Sir Henry Thornton to resign his directorship of the Royal bank.

Mr. MACKENZIE KING: The Hansard will show that my hon. friend's original remarks were that Sir Henry Thornton had been forced by me. He now says that he was "practically" forced; he introduces the word practically, and he then goes on to say, "by the government" to build branch lines and matters of that kind—a very different statement from the one he made first.

Mr. MANION: I stand by the one I made first.

Mr. MACKENZIE KING: Then my hon. friend contradicts himself. I repeat, on my honour as a member of this house, that Sir Henry Thornton is on record himself to the effect that he was never interfered with politically by the administration of which I was the head. He made the statement publicly that the Canadian National Railways had not been interfered with by the administration, and he attributed the success he had had with the railway until my hon. friends came into office to that fact, but political interference began the minute hon. gentlemen opposite took office.

Mr. MANION: Political interference never began and never was begun by this government with the Canadian National Railways. It began under the right hon. gentleman, and I am ready to debate it in this house any time, and to prove it—to prove it, I repeat, and I have got the proof right here in this portfolio. I have tried to avoid political discussions. The right hon. gentleman says, "I am speaking on my honour as a member of this house." His honour is no greater than mine. I am speaking on my honour also. I did not question the right hon. gentleman's statement as to what Sir Henry Thornton had said to him, nor do I question that Sir Henry Thornton made it. I had no desire to get into a political discussion of any kind.

Some hon. MEMBERS: Oh, oh.

Mr. MANION: I do not know why the hon. member for Vancouver Centre laughs. I have discussed this bill for three weeks, and I have not brought in politics until tonight. I have discussed it on as high a plane as any man could although I have been egged on a number of times by hon. gentlemen to bring in political issues because they have brought them in themselves, not many of them, but one or two. I do not wish to get into political discussions about the matter at all. I simply took the attitude that we did not instruct Sir Henry Thornton, and anyway what has that got to do with the question before us? Sir Henry Thornton was a director of the Royal bank for years under the regime of the right hon. gentleman, and if it was wrong to have a director of the Royal bank or of any other company as president of the Canadian National Railway, why did not the right hon. gentleman stop Sir Henry Thornton from being a director? I am advised that he was a director of other companies. I do not know that I could name them, and I am not saying that to his discredit at all; but if it is wrong now for a trustee to be a director of other companies, it was wrong for Sir Henry Thornton to be a director of the Royal bank under the regime of the right hon. gentleman. I do not know where the consistency comes in.

Mr. MOTHERWELL: I wonder if the minister, now that we are talking on the subject of Sir Henry Thornton, would be good enough to tell the house whether he asked Sir Henry Thornton to resign from his position as president of the Canadian National Railways or was he just merely frozen out?

Mr. MANION: I do not know, Mr. Chairman, that it will be for the good of Sir Henry Thornton's memory to discuss him any further than we have already discussed him in this house. It might be wise for both sides of the house to leave him out of the picture. The only reference I made to him, and I did this incidentally only by way of illustration, was to say that he had been a director of the Royal bank. Unfortunately a few heated words led to a few more, but I think it would be well to leave Sir Henry Thornton out of the picture altogether. I am quite agreeable to doing so, but on the other hand, if it is forced upon me, I am quite ready to discuss the matter fully.

The CHAIRMAN: I suggest that the committee get back to the clause under consideration.

[Mr. Manion.]

Mr. MOTHERWELL: I think I shall have to get new batteries on my earphones. I did not hear an answer to the question I put.

Mr. REID: I wonder if the minister would meet us half way. It may be true that he cannot get a man of high standing who is not acting as a director of other companies. Would he remove the fear some of us have that a trustee or chairman could be appointed who may or could be a director of the Canadian Pacific Railway? Would he not go half way and place in the bill a proviso that the chairman cannot be a director of the Canadian Pacific Railway?

Mr. MANION: I will not accept that suggestion. To do so would be a reflection upon the intelligence of the government, and I do not intend to do that. Any government with an atom of intelligence would not appoint a director of the Canadian Pacific to act in a high office on the national system.

The CHAIRMAN: Shall the amendment carry?

Mr. GARLAND (Bow River): On division.

Mr. MACKENZIE KING: The amendment is a substitution for paragraph 2.

The CHAIRMAN: Paragraph 2 of clause 4.

Amendment agreed to on division.

Mr. GORDON: I beg to move to add after subclause 2 of clause 4 a new subclause as follows:

(3) The trustees, other than the chairman, first appointed under the provisions of this act shall from time to time during the terms of their appointments devote to performance of the duties of their office their whole or part time as may be determined from time to time by the governor in council, and the salaries to be paid to such trustees for whole and/or part time service shall be fixed at the time of their appointments.

Mr. STEWART (Edmonton): I repeat that the amendment does not mean a blessed thing, except that the governor in council may or may not employ trustees whole or part time for the first two or three years of their appointment. It does not mean anything. My hon. friend is moving for full time employment during the tenure of their office. Without referring to the discussion which has taken place may I say that the gentleman who undertakes to manage this business will undoubtedly have to be a full time employee. We are now substituting a very small board of trustees for a large board of directors. Per-

sonally I object to the term "trustees"; I do not like it. I do not like the suggestion that these gentlemen are managing a bankrupt institution; that is the only implication which can be placed upon the term. However, the government is determined to call them trustees, and that there shall be three on the board. This reference to the fact that they may or may not for the first year or two of their appointments devote their full time to the management of the board appears to me as so much eyewash. I want the governor in council, or the government through the governor in council, to take full responsibility for the appointment and control of these gentlemen, and also to have power to discharge them; otherwise we shall have a board of three gentlemen with power to spend the money of this country. The minister has pointed out that because we have to vote the annual deficits on operations, the income account and such capital accounts as the trustees deem wise to expend, we will have control. We will have no control whatever. We are just handing over to the appointees of this or any other government complete control of the biggest institution in Canada. Then we are binding ourselves to vote money to those gentlemen to spend willy-nilly, as they see fit, in the operation of the road. True, as outlined in the minister's amendments of to-day, there will be some control in connection with the disposal of property. I believe that this is a step in the right direction, and so far as I am concerned it is quite satisfactory. But if the government refuses to take the responsibility for hiring and firing these trustees they are going to fasten a serious handicap upon this road, this national enterprise and the biggest business in Canada to-day. They are divesting themselves of authority which they should retain, and which rightfully belongs to them, and are passing it over to three gentlemen whom they will select but whose actions they will not be able to control one year after they are appointed. Then, except by vote of the House of Commons and Senate combined, the government will be helpless. Why refer this matter to the Senate? We do not refer to the Senate financial matters in connection with the operation of the road. No accounts are referred to that body; they pass them as a matter of course, but they can do nothing with them. But here are three men who are going to spend sums of money as large as this government are spending. The government finds it necessary to have eight or ten ministers to administer the affairs of the country, and yet the trustees will be responsible for expenditures comparable to the expenditures by the government.

The government are tying their hands; they are handing money to the trustees, willy-nilly, without any control except the right of the House of Commons and the Senate to dismiss. I believe I do not use language too strong when I say it is ridiculous, and of the many ridiculous things this government has done this is the crowning event. So far as I am concerned, I will oppose the measure as vigorously as I can.

Mr. EULER: Speaking on the second reading of the bill I stated it was my opinion that the three trustees should give full time to their work. Their task is so colossal that it seems to me there is plenty of work to which each of the three trustees could give his full time. I am pleased that the government has offered an amendment which at least in part meets that difficulty. I rise to say however that since the government recognizes the necessity for full time employment of the three trustees, upon that should follow when we come to another clause an amendment to the effect that if the three trustees give all their time to the work of their respective offices the chairman alone should not have the complete say as to any action which could be taken by the board of trustees, and that the majority should rule. If the three men give all their time it seems to me it follows that the majority vote should govern the proceedings of the board.

Mr. MANION: We will deal with that matter later.

Mr. EULER: I believe the two matters are related. I can see that if two men gave only a small fraction of their time practically all the work of the board of trustees would be done by the chairman. For my part if the two men gave only part of their time, we might as well have one general manager, and be done with it. But if the full board are on full time the majority should govern.

Mr. MANION: May I repeat that the expectation of the government at the moment is that they will give their full time to begin with at any rate. As far as I know at the moment that is what probably will be done. But there are reasons why we do not wish that it should be mandatory that the three must be full time. There is in addition the question of salary; it had to be rearranged

because of that. I think if the committee will permit the governor in council to take that responsibility, in all probability when the appointments are made the three men will be for full time to begin with at any rate.

Mr. ELLIOTT: There is another amendment I moved which is closely connected with the amendment we are now considering, namely, as to giving equality of voting power to the three trustees. That is an amendment to section 11, subsection 2.

Mr. EULER: That is what I was referring to.

Mr. ELLIOTT: If the trustees have the full voting power I think it gives them a standing. But since this discussion arose it has occurred to me that perhaps we should discuss the two together, if the minister would not object.

Mr. MANION: We have got only one clause through, and we have spent days on this bill. I should like to get section 4 through. The point the hon. gentleman raises comes up under section 11. The hon. member for North Waterloo took the same attitude; he thought it was fair to discuss the clauses as we come to them. We are giving in to the hon. gentleman; we will probably do as he suggests in regard to full time, although we are leaving it open. Having done that let us dispose of clause 4.

Mr. ELLIOTT: Perhaps it would be better to leave this until we consider section 11, because I may say very frankly that after being rather disposed to appreciate what was being done as a step in the right direction, I now feel that if the minister still intends to handicap the trustees by not allowing them to carry any resolution except with the vote of the chairman, this does not help us at all.

Mr. GARLAND (Bow River): The minister was kind enough to let me see a copy of the amendment proposed. I would like to ask him to explain why he requires the words "from time to time" in it. As it reads now the trustees other than the chairman shall devote whole or part time. I should imagine that that would be sufficient, whole or part time as determined by the governor in council. But he adds, "as may be determined from time to time by the governor in council."

Mr. MANION: I have had the opinion of a number of outstanding railway men that they did not think the men should be full time appointments. It is possible that three full time men might be a case of too many cooks spoiling the broth; it might not be satisfactory for the railway. The reason the amendment is drawn in what may appear to be somewhat loose terms is to give power to the governor in council to alter it if the matter did not work out as hoped. It is not put in for any other purpose, except that and the question of salary. I do not want to go over that again, but the salary question comes in in section 7. If we should carry that section we could not change their salaries without an address of the Senate and the House of Commons, or new legislation. Therefore this clause was drawn by the Justice department and my legal officers with the object of giving the governor in council some power in the matter.

Mr. GARLAND (Bow River): I wish the minister had drawn it himself. I think he could have made it a lot more intelligible.

Mr. MANION: Carried.

Mr. ELLIOTT: Let this stand until we deal with section 11 and consider the two together; because this is not satisfactory to me, if it is the intention of the minister that these men will be what I have already described as crippled trustees.

Mr. MANION: All right. But may I point out with all respect that my hon. friend and his group are a little difficult to satisfy. We have now brought in at least three important amendments, showing a desire to reach satisfactory agreements between hon. gentlemen opposite and ourselves, and the result after nearly three weeks of discussion is that we have now two sections passed, the name of the bill and section 2. Now my hon. friends ask me to hold up section 4. I am not quarrelling, but I would like to put it on record that hon. gentlemen opposite certainly are not easy to satisfy.

Mr. ELLIOTT: I am as anxious as my hon. friend to get this matter disposed of in a reasonable time. When we get along to section 11 we will be able to discuss the question of who is reasonable.

Mr. MACKENZIE KING: I do not think the hon. minister ought to leave on record the statement that we have been three weeks on this bill. It is true that it is three weeks since the bill was introduced, but we have spent only a day or two each week on it.

And it is also true that practically all the clauses are through now with the exception of a few that the minister himself asked to stand.

Mr. MANION: All the uncontentious parts are through, but practically none that were contentious. I will admit that three weeks is a slight exaggeration, but it is nearer three than two. On the second reading we took a full week, and took the better part of a week on some clauses.

Mr. YOUNG: All the better for the bill.

Progress reported.

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

Friday, April 28, 1933

The house met at three o'clock.

PETITIONS

OYSTER AREA LEASES

Mr. A. E. MacLEAN (Prince): Mr. Speaker, I desire to present to the house a copy of an original petition, addressed to the members of the House of Commons, and for the attention of the Minister of Fisheries, signed by Austin A. Ramsay, Isaac B. Lewis, Norman Thompson, James C. Palmer, J. J. Moran and two hundred and fifteen others, asking that no leases of oyster areas be granted in the bays or rivers on the northeast side of Prince county, Prince Edward Island; also, a memorandum in connection with the same, addressed to the members of the House of Commons and the Department of Fisheries, protesting against the leasing of these oyster areas, signed by: G. Ellsworth Gills, of Ellerslie, Prince Edward Island, on behalf of the fishermen's committee, and: Isaac B. Lewis, Richard Murphy, Norman Thompson, Chas. McFadyen, all of Conway, Prince Edward Island.

THOUSAND ISLANDS BRIDGE COMPANY

Mr. G. B. NICHOLSON (East Algoma): Mr. Speaker, for the hon. member for South Renfrew (Mr. Maloney) I beg to move:

That the petition of John Gilbert Mitchell and others, praying for the passing of an act to incorporate the Thousand Islands Bridge Company, together with the report of the clerk of petitions thereon, be referred to the select standing committee on standing orders for the purpose of considering the suspension of standing order 92 in relation thereto.

Motion agreed to.

LILAC VIOLET GRUMBELL REID

Mr. A. C. CASSELMAN (Grenville-Dundas): Mr. Speaker, I beg to move:

That the petition of Lilac Violet Grumbell Reid, praying for a bill of divorce from Clarence Dixon Reid, together with the report of the clerk of petitions thereon, be referred to the select standing committee on standing orders for the purpose of considering the suspension of standing order 92 in relation thereto.

Motion agreed to.

RADIO BROADCASTING

REPORTED STATEMENT OF MR. HECTOR CHARLESWORTH, CHAIRMAN OF RADIO COMMISSION

On the orders of the day:

Mr. F. G. SANDERSON (South Perth): Mr. Speaker, I should like to direct a question to the Minister of Marine (Mr. Duranleau) based upon a report of a meeting held in the city of Toronto on Tuesday, April 25. I do not suppose Your Honour will permit me to read this report, but I shall refer to its contents. Mr. Hector Charlesworth, the chairman of the radio commission is reported to have said at this meeting that the commission would not deviate from the policy which it had formulated and that anyone was a liar or a fool who said that radio in Canada was not in a better position to-day than it was a year ago. He then got very dramatic and said, "My head is bloody but unbowed." I ask the minister if he has read this report; if he has not will he read it and after he has read it will he endeavour to discipline the chairman of the radio commission.

Some hon. MEMBERS: Order.

Hon. ALFRED DURANLEAU (Minister of Marine): I have not read the article in question nor has my attention been drawn to it. If it comes to my knowledge, I will take the matter under consideration.

Mr. SANDERSON: The minister now has knowledge of it.

Some hon. MEMBERS: Order.

ISSUANCE OF LICENCE FOR LONDON STATION

On the orders of the day:

Hon. W. D. EULER (North Waterloo): Mr. Speaker, I am reminded of a question I asked the minister the other day in connection with the application for a licence for a radio station at London. The minister said that he would reply the next day, but I have not had this reply.

Hon. ALFRED DURANLEAU (Minister of Marine): The information which I re-

ceived this morning is that no licence has been granted. An application was received two or three days ago by the radio commission asking for a hundred watt station to provide local service in London.

Mr. EULER: Could the minister say from whom that application was received:

Mr. DURANLEAU: I think it is the London Free Press. I understand the demand is made on behalf of the Western Ontario Broadcasting Company, but I have no official report or advice from the radio commission. All I have received is some verbal information.

Mr. EULER: Are two licences ever issued to the same party? I understand that these people have a licence for operation at Windsor.

Mr. DURANLEAU: The matter will be considered when I have the report of the radio commission. The radio commission, according to law, when a wave length and a certain power for a new station are asked for, have to make their recommendation to the minister, so I shall wait for the recommendation before I give an answer.

COAL INQUIRY

On the orders of the day:

Mr. HUMPHREY MITCHELL (East Hamilton): About three weeks ago, during the consideration of the estimates of the Minister of Mines, I asked when the report of the investigation being held with reference to the importation of anthracite from Great Britain, would be brought down. The minister said: Possibly within a week. I asked this question because the price of anthracite had been reduced by $1 a ton, the reason being given that this was due to a reduction in freight rates. I would like to ask the minister whether that report will be in the hands of parliament before the end of the session and whether a copy of the evidence will be laid upon the table for the perusal of members.

Hon. W. A. GORDON (Minister of Mines): The inquiry that was made at my instance, under the Combines Act, into the question whether there was a combine within the meaning of the statute in connection with the importation and distribution of British coal, was one made by the registrar, not by a royal commissioner. It has not been the practice in the past nor is it contemplated by the statute that a report of the registrar be tabled in the House of Commons and the evidence made available to the public generally. The practice followed is, I think, sound, because much of the evidence given and much of the information that the registrar receives on an inquiry of that character has to do with the business of private individuals who are not immediately concerned with the question into which inquiry is being made.

The report of the registrar was delievered to me on Tuesday of this week. It is quite voluminous and I have not yet had an opportunity to examine it in its entirety. I have, however, proceeded with a review of it and I hope to be able to go through it before Monday or Tuesday of next week. Then I shall have some observations to make to the house with respect to the inquiry of the registrar.

MONTREAL TERMINAL POST OFFICE

On the orders of the day:

Mr. PAUL MERCIER (St. Henri): I would like to direct a question to the Minister of Public Works. Is it true that tenders have been asked for in connection with the construction of the new terminal post office in the city of Montreal?

Hon. H. A. STEWART (Minister of Public Works): Tenders have not been invited for that work this year.

CANADIAN NATIONAL-CANADIAN PACIFIC RAILWAY BILL

The house resumed from Thursday, April 27, consideration in committee of Bill No. 37, respecting the Canadian National Railways and to provide for cooperation with the Canadian Pacific Railway system and for other purposes—Mr. Manion—Mr. LaVergne in the chair.

On section 4—Nominations and appointments to board of directors to be vacated and three substituted for original incorporators.

The CHAIRMAN: The question is on the amendment of the Minister of Trade and Commerce to clause 4.

Mr. MANION: On clause 4 last evening a general discussion arose and a statement was made by the leader of the opposition to the effect that Sir Henry Thornton had been forced out of his directorship in the Royal Bank by the action of this government. That, in brief, was the gist of the remarks made by the right hon. gentleman. I denied the statement at the time and he persisted in it, saying that he had been so informed by Sir Henry Thornton and believed him. This morning I made some inquiries, the result of which I wish to put on record merely

to keep the record reasonably straight. I find that Sir Henry Thornton was appointed a Royal Bank director on December 10, 1929, when the right hon. gentleman still had some considerable time to go before he went out of power. Sir Henry was reelected a director of the Royal Bank on January 9, 1930, again on January 8, 1931, and again on January 14, 1932. He remained a director until the annual meeting of January 12, 1933, at which meeting he was not reelected. However, he had resigned the presidency of the Canadian National Railways on July 19, 1932, so that he was a director of the Royal Bank for six months after he had resigned from the presidency of the Canadian National Railways. May I suggest, without going any further, that these facts constitute a complete answer to the right hon. gentleman's charge that this government in some way influenced the Royal Bank to make Sir Henry Thornton withdraw from the directorate of that institution. That in itself is proof enough without anything further, although I have a little further proof if I need it.

Mr. MACKENZIE KING: May I say to my hon. friend that Sir Henry Thornton was certainly under the impression—and he so informed me—that the reason he was not reappointed on the board of directors of the Royal Bank was due to the action of the Dominion government. I assumed at the time that this was because of his being also president of the road. In that I may have misunderstood the significance of his not being retained as a director. This, however, would only make the situation more aggravating, because it would indicate that the government was interfering with a purely private business in the appointment of a director of a private corporation. But Sir Henry Thornton certainly had the impression that the reason he was not reappointed was that the bank had intimated to him that he must resign and the intimation conveyed with it the impression that the government of the day had considered that advisable.

Mr. MANION: The right hon. gentleman's remarks to-day are a good deal milder than his observations of last night. He said then that Sir Henry Thornton had told him that and he believed what Sir Henry Thornton had said.

Mr. MACKENZIE KING: I do.

Mr. MANION: I shall give my right hon. friend still further proof that the statement is not true. I have under my hand a telegram from Mr. M. W. Wilson, general manager, and, I think, vice-president of the Royal Bank of Canada. I telegraphed to him, asking about the matter, and this is his reply:

> Your telegram received. When Sir Henry Thornton retired from the Canadian National Railways he offered to resign from the board of this bank but it was suggested that he allow the matter to stand until his future plans became more definite. As you are aware he subsequently removed to New York and shortly before our annual meeting in January he intimated that as he was no longer a resident of Canada he did not wish to offer himself for reelection. His wishes were carried out. At no time was the question of his directorship discussed with us by any member of the government.

Mr. MACKENZIE KING: May I ask the minister whether he can and will say that Sir Henry Thornton's intimation that he was not to be renominated was not due to a message which was sent by Mr. Wilson himself to his manager in New York who conveyed it to Sir Henry and that when it was conveyed to him, he intimated that under the circumstances he would not expect to be reappointed?

Mr. MANION: I do not know anything about any private messages of Mr. Wilson to Sir Henry Thornton. I have given a public message from Mr. Wilson to the people of Canada. I accept Mr. Wilson's word. Furthermore, last night I made the statement—and I repeat it to-day—that the government had nothing whatever to do with Sir Henry Thornton's retiring from the board of directors of the Royal Bank. Moreover, if the right hon. gentleman were fair, which he is not, he would accept that statement and withdraw his own.

Mr. MACKENZIE KING: I have given to my hon. friend the reasons why Sir Henry Thornton believed that he was being asked to retire from that board at the instance of the government.

Mr. MANION: He was making excuses for the fact that he was dropped, probably.

The CHAIRMAN: I think we had perhaps better come back to the question. The question is on the amendment to clause 4. An amendment has also been moved by Mr. Elliott and withdrawn for the time being. Does the hon. member wish to press his amendment?

Mr. ELLIOTT: I thought the arrangement last night was that it would be considered with the amendment to section 11, as the two relate to practically the same thing.

Mr. MANION: May I say, Mr. Chairman, that there is no doubt that we shall not get through this bill to-day because the acting leader of the government stated last evening that we should not go on with it probably beyond five o'clock, and it is not at all likely that we shall get through with it before then because there are still quite a number of clauses to consider, but I will make this statement now with respect to clauses 11 and 7, both of which are in dispute, that we shall not deal with them to-day. I should like, however, to go on and make progress with some of the other clauses. The passage of the amendment which has been moved by my colleague the Minister of Trade and Commerce would not interfere with section 11 at all in so far as the hon. gentleman desires to amend section 11.

I made the statement last night that we had been three weeks on this bill, and I was corrected by the leader of the opposition. I have made inquiries to-day and had the record searched, and I find that we have spent fifteen actual working days on the bill, or exactly three full weeks of five days a week, and it is seven weeks since we introduced the bill. I should like to make some progress to-day and go on with section 4. We are quite agreeable to allowing sections 7 and 11 to stand until next week.

Mr. MACKENZIE (Vancouver): Does the minister contemplate any amendment to section 7?

Mr. MANION: No.

Mr. MACKENZIE KING: The minister will have to shorten his speeches to make headway.

Mr. MANION: Perhaps the right hon. gentleman might take a little of that himself.

The CHAIRMAN: In order to put the question clearly before the committee I might state that the hon. member for West Middlesex moved an amendment to clause 4 which was withdrawn to allow the committee to discuss the new subclause 2. The Minister of Trade and Commerce has moved an amendment which will be subclause 3 of clause 4 if adopted. Does the hon. member for West Middlesex wish to press his amendment?

Mr. ELLIOTT: I am afraid that the minister is not shortening the debate by separating this clause from the proposed amendment to section 11.

Mr. MANION: I do not quite follow. Would the hon. member explain the connection between the two, and why we cannot proceed to pass clause 4?

[Mr. Elliott.]

Mr. ELLIOTT: This amendment deals with the question whether or not all the trustees shall be full-time men. The amendment proposed to section 11 deals with the question of whether all the trustees shall have equal voting power. I say that the two affect so vitally the effectiveness of the board of trustees, and are so closely connected, that I think it would save time to consider them both together, and that was the understanding given.

Mr. MANION: I just want to get straight what my hon. friend means. I do not quite see what difference it would make to proceed now with section 4. I have met my hon. friend's wishes to a large extent in the amendment which we have moved. We have now moved two amendments, one about the chairman and directorships and so on, and the other in regard to the other two trustees. These other two trustees at the discretion of the governor in council may also be full-time men, so I think I have practically met my hon. friend's wishes so far as full-time trustees go. In regard to the question of a majority vote, that is a separate question altogether, and I suggest with all respect that we can deal with that when we come to it. Here is the government's submission in regard to section 4. I think we might pass that, and I am quite ready to hold sections 7 and 11 over till next week. It seems to me that the two questions are separate and distinct.

Mr. ELLIOTT: As I explained to my hon. friend last night, the amendment moved by the hon. Minister of Trade and Commerce will not, I submit, be of any great benefit if the vote of the other two trustees can only be counted when the chairman votes with either one of them. I do not want to be disrespectful with regard to the amendment that has been proposed by the Minister of Trade and Commerce. I realize that it is a step in the right direction, but it is only a step, I submit, providing that the trustees are what I would call real trustees, operative trustees, having a vote of equal weight on the board with the chairman. I do submit that we will save time by considering them together, and that was agreed to last night.

Mr. MANION: I am very anxious to oblige, although it has not done me very much good so far. At the same time I do not yet see any connection between the two. I know what the hon. gentleman has in mind, but so far as section 4 is concerned we are taking this attitude irrespective of what we do with section 11. I think my hon. friend might therefore concede that we have gone

a long way with him on this. So now let us dispose of it, and then when we come to section 11 we can argue the question whether there should be a majority vote or not.

Mr. ELLIOTT: I am not going to occupy more of the time of the committee in arguing whether we should consider this amendment now or later. Unless we can follow the arrangement that was made last night I must submit the amendment which I moved before.

Mr. MANION: That is all right; go ahead and submit the amendment.

The CHAIRMAN: Mr. Elliott moves that all the words after the word "that" in the proposed amendment to be known as subsection 3 of clause 4 be struck out and the following substituted therefor:

> One of such trustees shall be their chairman. Each trustee shall devote his whole time to the performance of the duties of his office and shall not be an officer of any company other than a company which is comprised in National railways and shall not, during his tenure of office as trustee, become a director of any company other than a company which is comprised in National railways of which he was not a director at the time of his appointment.

Mr. ELLIOTT: Before the vote is taken may I call the attention of the committee to what that means. I assume that they have it pretty well in their minds. This is a very, very important board. They have to administer a property of the people of this country which has cost and is worth many millions of dollars. It will be perhaps the most important board functioning in the dominion, and I submit that what was formerly done by a board of seventeen on the Canadian National Railways, and by a board of about an equal number on the Canadian Pacific Railway, is of sufficient importance and sufficiently onerous to demand the whole time of three of the very best men that can be obtained. That is the object of the amendment. I do not think that this great national asset should be entrusted to three men any one of whom should be permitted to give only part of his time to that work.

Mr. MANION: I agree with the hon. gentleman. He has explained his amendment quite correctly, but we have made an amendment whereby the governor in council may, at discretion, make all three trustees full-time men. I stated last night, and I repeat now, that as far as I know it is the intention of the government to do that for a time at least, so I am sorry to have to refuse to accept the hon. gentleman's amendment. I shall have to vote against it.

Mr. MacLEAN: This is a very important question. When the bill was before the house before the Easter recess, I had intended moving an amendment that the board of trustees be enlarged from three to five members. I wish to protest against the board being limited to three members. The maritime provinces claim that under the British North America Act they have certain rights which they look to this and all governments to protect. We feel that if a board of trustees consisting of only three members is chosen from central Canada the claims of the maritime provinces may be overlooked. Under the terms of the legislation the trustees have great powers. They may scrap lines or cut down services. In the report of the Duncan commission there is the following finding regarding the old Intercolonial railway:

> That to the extent that commercial considerations were subordinate to national, imperial and strategic considerations, the cost would be borne by the dominion and not by the traffic that might pass over the line.

If the trustees put that line on a strictly paying basis, and curtail services until that object is reached, I claim that they will not be playing fair with the maritime provinces, and will not be adhering to the terms set out at confederation. I do not know whether there are to be three or five members, but if I were in order I should feel very much like moving an amendment to the effect that there should be five trustees, one of whom should come from the maritime provinces.

Mr. SPENCE: You have a great chance of getting it.

Some hon. MEMBERS: Question.

The CHAIRMAN: The question is on the subamendment.

Subamendment (Mr. Elliott) negatived on division.

Mr. MacLEAN moved:

> That section 4 of part I of the bill be amended by striking out the word "three" in the fifth line thereof and substituting therefor the word "five."

Mr. HANSON (York-Sunbury): That is out of order.

The CHAIRMAN: I must inform the committee that subsections 1 and 2 of section 4 have been adopted. We are now dealing with a new subsection, No. 3. Therefore it must be by general consent that we continue.

Mr. MACKENZIE (Vancouver): I rise to a point of order. Surely any amendment to any portion of the general section may be moved before that section as a whole has been passed by the committee.

The CHAIRMAN: The hon. member would be quite right, as usual, were it not for the fact that when discussion on the bill began it was decided by the committee that the subsections would be considered one by one.

Mr. MACKENZIE (Vancouver): It was a matter of convenience. But before any general section is passed any hon. member has the right to move an amendment.

Mr. MANION: On the point of order, may I say that under ordinary circumstances I believe the hon. member would be right, and he would have made a very good case. But the chief, and practically the only important point in subsection (1) of clause 4 has been carried by the committee; that subsection states that there shall be three trustees. Therefore I submit that if we vote upon the possibility of their being five we will be acting contrary to the rule.

The CHAIRMAN: My decision is this, subject to the view of the committee, that general consent of the house to an agreement in connection with procedure on the bill supersedes the rules and regulations, and binds me as if it were a rule written in the book. Therefore at this stage I must declare the subamendment out of order.

Mr. MACKENZIE (Vancouver): On the point of order—

The CHAIRMAN: I have ruled, and the hon. member has already spoken.

Mr. MACKENZIE (Vancouver): But I can speak twice to a point of order. With all respect to your ruling, Mr. Chairman, I suggest that you do not carry a section of a bill until the section is carried completely. For the purposes of convenience and, as you say, by mutual arrangement, we did agree to deal with it by subsections. But certainly according to the rules, before section 4 in toto has been passed by this committee, any hon. member has the right to move an amendment to any of the subsections.

The CHAIRMAN: Apparently I have not made myself clear. The general consent of the committee has the force of a ruling set down in the book. Unless there is general consent of the committee to supersede that ruling, I am bound by it. For those reasons I must deal with subsections as if they were individual sections. I decide that in this instance the amendment is out of order.

Mr. MACKENZIE KING: Mr. Chairman, is it not a fact that before a final decision is given on the section, after we have gone through the subsections, you ask the committee whether or not it is prepared to adopt the section as amended. That means that the entire section is before the committee either for acceptance or rejection.

The CHAIRMAN: Not in this case.

Mr. MACKENZIE KING: Oh yes.

The CHAIRMAN: The right hon. gentleman is mistaken. Under the agreement we have taken each subsection of the bill as an individual section; that is what we have been doing so far.

Mr. MACKENZIE KING: I never have so understood it.

The CHAIRMAN: Therefore I never put the question, "Is section 4 adopted as amended?", because we have considered each subsection as an individual section. I am in the hands of the committee, of course, but I am ruling that the amendment is out of order.

Mr. MACKENZIE KING: May I explain this point.

The CHAIRMAN: I understand perfectly the position taken by the right hon. member but I cannot allow hon. members to speak twice on the point.

Mr. MACKENZIE KING: I had not finished speaking; you, Mr. Chairman, interrupted me and I sat down.

The CHAIRMAN: I am sorry.

Mr. MACKENZIE KING: The point I wish to make is this, that if the amendment moved by the hon. member for West Middlesex had been adopted, the trustees would have had to give their entire time to the work. Under those circumstances I submit the amendment moved by the hon. member for Prince probably would not have been deemed necessary. But the subamendment of the hon. member for West Middlesex having been voted down, it is only proper that in those circumstances the committee should have a right to say whether there should be five rather than three trustees. That is a perfectly proper subamendment, as it has not been definitely decided that the three trustees are to give all their time to their work. We have taken subsections, one after the other for the sake of convenience, and the avoidance of unnecessary discussion. But there has always been the right so far as I have understood, to move any amendments we wished to the section as a whole.

Mr. MANION: Since we have all spoken twice, may I say another word?

Mr. MACKENZIE (Vancouver): Why not? You can speak as often as you like in committee.

Mr. MANION: In regard to section 6 we carried subsections 3, 5, 6, 7, and 8. The only parts left for discussion are subsections 1, 2 and 4. The same is true in a number of other clauses. The only provision in subsection 1 of section 4, with which we are now dealing, is for the appointment of three trustees, and their replacement of the directors. If we can pass a subclause then deal with another subclause, then go back and discuss again the original clause, I do not know where we will get.

The CHAIRMAN: The hon. member who moved the subamendment could have moved it on subsection 1, but he did not do so. I am bound by the agreement of the committee, which to me is a ruling of the house, to rule that the amendment is out of order.

Mr. MacLEAN: The committee is dealing in a very arbitrary manner with my subamendment.

Some hon. MEMBERS: Order.

Mr. MACKENZIE (Vancouver): He is quite in order.

Mr. MacLEAN: When I was speaking to the amendment moved by the hon. member for West Middlesex—

Mr. MANION: Mr. Chairman, I draw to your attention the fact that the hon. member, according to your ruling, is out of order.

The CHAIRMAN: I must be tolerant. Some hon. members have spoken twice or three times to the point of order although I have decided they should not. Under those circumstances I believe I should hear the hon. member.

Mr. MacLEAN: This is the first time I spoke. I was speaking to the subamendment moved by the hon. member for West Middlesex (Mr. Elliott). I stated that I wished to move an amendment to this clause, that there should be five trustees instead of three. The chairman said that if I would wait until the subamendment of the hon. member for West Middlesex was disposed of then I would have the opportunity of presenting my amendment. I waited. Now I am treated in this way, saying that my amendment is out of order and is not going to be presented to the committee. I think under the circumstances I am being treated very unfairly. Therefore I feel like appealing.

Sir GEORGE PERLEY: Mr. Chairman, in my opinion the ruling of the chair is correct. I certainly understood that in dealing with this bill we are not following ordinary rules, passing it section by section, but subsection by subsection. But we are only wasting time on this, we might have had a vote. I submit to the right hon. leader of the opposition that we did distinctly agree that on this bill we would vary the ordinary practice. But I would not like the hon. member for Prince (Mr. MacLean) to suffer from a misunderstanding, and if he wishes to move his amendment now I would be disposed to let him do so, but not to treat it as a precedent.

Mr. MACKENZIE KING: I agree with the acting Prime Minister as to our having agreed to vary the ordinary practice, but the ordinary practice is to discuss a whole section, including all subsections at one and the same time. We are varying the practice in this respect, that for the sake of precision we discuss each subsection by itself; but it was not understood that we would not have the right to amend a section as a whole in the light of any change made in a subsection.

Sir GEORGE PERLEY: I understood that when we passed a subsection it was passed, not that we could go back and amend it afterward. But we would like to make some progress, and as far as I am concerned we are willing to deal with it.

The CHAIRMAN: I have given my decision that the subamendment is out of order.

Mr. POWER: We can get around to the same thing later. I propose to move an amendment to subsection (5) that if at any time the trustees are not employed full time there shall be five of them instead of three. I am serving notice.

The CHAIRMAN: The question is on the amendment of Mr. Stevens. Shall the amendment carry?

Amendment agreed to on division.

Subsection as amended agreed to on division.

Mr. HANSON (York-Sunbury): Mr. Chairman, I would like to ask if we have not already passed some clause which commits the house to three trustees?

Mr. MANION: Yes.

Mr. HANSON (York-Sunbury): Then I submit that any amendment of that would now be out of order.

Mr. POWER: Are we now in order to speak of three or five?

Mr. MACKENZIE (Vancouver): Which clause have we passed?

Mr. MANION: We have passed clause 4.

Mr. MACKENZIE (Vancouver): No we are discussing 4.

Mr. POWER: I beg to submit the following amendment:

If at any time the trustees appointed are not employed during full time then instead of three trustees the number of trustees shall be five.

I think I am quite in order, because the status of these trustees has been materially changed by the amendment of my hon. friend the Minister of Trade and Commerce. It makes these trustees part time or full time trustees at the discretion of the governor in council. That being the case, I believe it is quite competent for us to move now that if they are not engaged for full time we will perhaps require more of them to attend to the business of the railway. Not only would such an amendment be in order but it would be logical and reasonable.

The CHAIRMAN: Having heard the proposed amendment, although I have some sympathy with it I must rule it out of order, under standing order 48, commentary 399:

After a decision has been given on an amendment to any part of a question, an earlier part cannot be amended. In like manner where an amendment of any part of a question has been proposed from the chair an earlier part cannot be amended unless the amendment so proposed be withdrawn.

In this case it has been voted upon by the house—

Mr. POWER: Would the chairman be good enough to explain the application of 399 to this matter?

The CHAIRMAN: I will try to explain. I do not know if my hon. friend will understand me—through no fault of his. I understand this question has been decided before.

Mr. MACKENZIE (Vancouver): No, this is an entirely new question.

The CHAIRMAN: It has been decided that there shall be three trustees. Now the hon. member for Quebec South (Mr. Power) proposes an amendment that there shall be five trustees. If I understand the English of commentary 399—I am not so sure of that part—that point has already been decided by the house. Therefore I have to rule the proposed amendment out of order.

Mr. POWER: It is quite true that the section dealing with three trustees has been passed. But I submit that the status of these trustees is entirely changed by the amendment of the Minister of Trade and Commerce that trustees may or may not be part time according as the governor in council thinks fit. The original idea of the bill as presented to us that there should be three trustees has been departed from. There were to be three, appointed for seven years; now we have three men who are to be appointed practically during pleasure, who may be removed from time to time, and may be employed for part time or full time or any time at all. I am not quarrelling with the amendment, but I say that if you have entirely changed the duties of the trustees then it is competent for any member to propose that there shall be five instead of three.

The CHAIRMAN: I must maintain my position.

Mr. ELLIOTT: Before you give your decision may I point out that the argument of the hon. member for York-Sunbury (Mr. Hanson) does not apply to this subsection (1), which defines the manner in which the trustees may be appointed. There might be something in my hon. friend's point if the subsection said that there shall be only three trustees, but it does not say that. Then the next subsection says that two of them may be part time or full time. The third subsection, now proposed to be amended by the hon. member for Quebec South, provides that in case two of the trustees, that is those other than the chairman, shall be part time men then there shall be five trustees. I submit that is not inconsistent with subsection (1) which speaks of three.

Mr. MACKENZIE KING: Mr. Chairman, may I point out that if you had given the same ruling with regard to the amendment moved by the Minister of Trade and Commerce it could not have been considered, on account of what was done under subsection (2). The house passed subsection (2), which provides that:

One of such trustees shall be their chairman. He shall devote his whole time to performance of the duties of his office . . .

The house decided that one should give his whole time, and therefor by inference that the others should be part time. But you allowed an amendment which said that in some cases they may give full time.

The CHAIRMAN: The right hon. member is quite right, but the amendment moved by the Minister of Trade and Commerce was received the other day by the unanimous consent of the committee. Now I must decide

that the hon. member for Quebec South is out of order. His grievance is not without redress; on the motion for third reading he can move that the bill be sent back to committee.

Section as amended agreed to on division.

On section 6 (1)—Appointment from panel.

The CHAIRMAN: Subsections 1 and 2 remain to be dealt with; the others have been passed.

Mr. DUFF: There is one matter on which I am not very clear, which I think can be brought up under any section in part I, which refers to the national railways. According to section 3 (d) "National company" means the Canadian National Railway Company. Then in subsection (e) I find the following:

"National railways" means the National company, as owner, operator, manager or otherwise, and its transportation, communication and hotel system, which system shall be deemed to comprise all companies which are elements of the Canadian National Railways as defined in the National act—

I should like to know if this act is sufficiently broad to include the Canadian Government Merchant Marine and the Canadian National Steamship Company. If it is I have nothing more to say, but if it is not I think some clause should be included providing that the three trustees who are to take over the Canadian National Railways shall take over the merchant marine and national steamships as well. If that is not done it will mean that the minister or the government will have to retain the present directors, or others, to look after the affairs of those two companies. So I think we might as well arrange that the trustees to be appointed under this act should also look after the affairs of these two companies instead of having two separate companies looking after the business of the Canadian Government Merchant Marine and the Canadian National Steamship Company.

Mr. MANION: I agree entirely with the hon. gentleman, but that provision is not in the bill because it is not necessary. The Canadian National steamships and the Canadian Government Merchant Marine are entrusted to the same directorate by order in council. I confess that the matter has not been discussed, but I am quite sure it is the intention of the government to have these companies looked after in future as they have been looked after in the past. I quite agree that there would be no reason for having a separate board of directors, but that matter can be dealt with by order in council, so it need not form part of the act.

Mr. DUFF: Unless it is in the act I do not see how the governor in council can decide that these two companies do come under this act. This bill is very specific; it deals with certain matters, and according to the definition in subsection (e) of section 3 it would not include the two companies I have mentioned. It seems to me that I have a strong argument, and I think the minister agrees that the Canadian Government Merchant Marine and the Canadian National steamships should be handled by the trustees who are to be appointed under this bill. I think before we pass this bill an amendment should be moved, or a new clause added, so that the trustees appointed under this act will manage not only the railway company but the merchant marine and the National steamships as well. I cannot agree with the minister that in some way the governor in council can arrange to place the merchant marine and the National steamships under this act, by order in council, giving the three trustees power to manage those companies. It would be a very simple matter to make that provision; for instance, the definition contained in subsection (e) of section 3 might be enlarged to include the Canadian Government Merchant Marine and the Canadian National Steamship Company. I think the minister agrees that there should be only one management for the three companies, and I think it would be an easy matter to make that clear now.

Mr. MANION: I very largely agree with the idea that the management of the merchant marine and the steamship company should be as the hon. member suggests, but in the past these companies were not entrusted to the directors of the Canadian National. By order in council the directors of the National railways were simply made directors of these two companies as well; they were not so appointed under any act, and I submit that it is not necessary to put them under this act. However, I hardly think we will finish this bill to-day, and I will agree that before we do so I will give a fuller explanation to my hon. friend than I have given at the moment, if that will be satisfactory.

Mr. DUFF: That will be quite satisfactory.

The CHAIRMAN: The first question to be dealt with by the committee is the amendment of the hon. member for Quebec South, who moved that the section be amended by striking out all the words after the word "occurring" in the fourteenth line.

Mr. MANION: Would the hon. gentleman just explain what he has in mind?

Mr. POWER: The effect would be that in future the appointments would be made by order in council, and we would do away with this panel system. I think the minister agreed to a certain extent that if the original trustees were to be appointed by order in council there was no reason why those succeeding them should not be appointed in the same way. The panel system seems a rather cumbersome method of going about it.

Mr. MANION: I agree that there is a good deal to be said in favour of the suggestion of the hon. member, but at the same time after a good deal of discussion the government thought this was the better way to leave it, on the ground that, speaking broadly, the panel system is a more non-political method of dealing with the question than appointment by order in council, whether under this or another government. It is true that at the present time the government is appointing the three trustees but for the future it is recommended that if one trustee disappears, the president of the Exchequer court and the chairman of the Board of Railway Commissioners and the remaining trustees may submit a panel of eight names. I do not know that there is every protection against political manoeuvring, if whatever government happens to be in power chooses to manoeuvre, but it is considered that it would be better to leave the panel proposal in the bill.

Mr. POWER: I submit that the argument just advanced by the minister is not very strong. This government will appoint three trustees and under the panel system those trustees may be self-perpetuating. There is no question but that they can arrange for their own reappointment. The three men will be able to run this railroad for eternity, if it lasts that long. There is another viewpoint which perhaps should be considered when considering the amendment of the Minister of Trade and Commerce. Under that amendment, these trustees need not be appointed for a definite term. They can be appointed for part time service and then for full time service if the governor in council deems it advisable. It might very well happen that these appointments would not be made definite or permanent until this government was about to go out of office, at which time the trustees would have had five, six or seven years of service, as the case may be. It seems to me that if the government wished to be fair it would say that the original appointments shall be made from a panel. I think they should either say that or say that all future appointments will be made by the governor in council. I cannot see any force in the minister's argument that we are getting away from politics.

[The Chairman.]

Mr. MANION: I shall touch upon only one point raised by the hon. gentleman. When we reach the clause covering that matter, it is the intention of the government to move an amendment in order to make the appointments definite as to years. We would not be able to put through the rather "slick" game the hon. gentleman suggests. We intend to make the appointment for seven, six and five years or five, four and three as may be decided by the committee.

Mr. POWER: I would like to get an interpretation of the new clause number three to section 4, which reads:

> The trustees, other than the chairman, first appointed under the provisions of this act shall from time to time during the terms of their appointments devote to performance of the duties of their office their whole or part time as may be determined from time to time by the governor in council, and the salaries to be paid to such trustees for whole and/or part time service shall be fixed at the time of their appointments.

I see nothing in that clause to prevent the government making these part time appointments to date from the date of appointment and then some fine day making them full time appointments, say for a period of five years.

Mr. MANION: I think my hon. friend is putting a fairly loose interpretation upon that clause. The reason this clause was drawn up by the legal officers of the Department of Justice and my department was in order—

Mr. POWER: I know why it was drawn up.

Mr. MANION: It was not drawn up for the purpose suggested by the hon. gentleman.

Mr. POWER: I am not imputing motives.

Mr. MANION: The first appointments might be made for seven years for the chairman, six years for one of the trustees and five for the other, but if we decided to put them in for full time, say for the first three years, under clause 7 we could not interfere with them without an address of both houses of parliament. We could not undo the work we had done, that is, we could not change their salaries or anything of that sort without an address of both houses of parliament. I may say quite frankly that when we get to

the next clause and decide upon the term of the appointment, we will not be able to go outside of that provision by making them part time for a portion of their term and full time for another portion.

Mr. EULER: I suppose it is pretty much wasting time to make any suggestions in view of the fact that the minister has stated that the government intends to stand by this clause as it is now worded. Apparently it is the intention of the government to provide for the panel method of selection in the case of vacancies, and it is stated that this is done to avoid the possibility of political appointments. It does not seem to me that this provision meets the case at all. As I pointed out on the second reading of the bill, if this is an efficient method of guarding against political appointments to fill future vacancies, the same plan should be followed in appointing the original board. We should be consistent. Let us assume that it is the desire of the government to control this board politically. It will appoint three men who are amenable to government influence. I am presupposing and not charging this. Should a vacancy occur, the two trustees remaining will no doubt renominate themselves upon the panel, while the president of the exchequer court and the chairman of the railway board will make certain other selections for the same panel.

Mr. MANION: Eight names.

Mr. EULER: There will be eight names altogether. The point I want to make is that the two men left on that board, being politicians—the committee knows the sense in which I use that word—will no doubt select four other politicians for their portion of the panel. The president of the exchequer court and the chairman of the railway board may select four men whom they think are not tarnished with political feeling, but if the government wants to do so they can ignore entirely those four nominees. If the first appointments are political—they certainly can be although I do not say they will be—this board will be able to perpetuate itself as a political organization. It seems to me that the provision of having the president of the exchequer court and the chairman of the railway board submit four names to the panel is absolutely useless because the government could ignore those names entirely. If I am wrong in this assumption, I should like to be placed right. The government is not enjoined or compelled to select any name from those submitted by the president of the court and the chairman of the board; if they wish they can fill the vacancy from the trustees who are still left on the board. I suppose it would be more than human nature to expect that these two men would not put their own names upon the panel and be again selected. If this method is to be adopted at all, I would like to see it adopted right from the beginning. If the panel principle is going to get rid of politics, then I think it ought to be applied in the first instance. If we start out on a political basis—I am assuming that in order to make my argument—the thing will perpetuate itself.

Mr. MANION: Supposing the government was the same one that appointed the three; then a panel of eight names was submitted, if the government wished to replace two or three of them, irrespective of the other five or six, the government could do so. But supposing in the meantime the government had changed, the trustees could not submit their own names in any way I know of, where the new government would not have the opportunity of replacing them if it so desired.

Mr. EULER: If the government changed, they might take the selections submitted by the two trustees.

Mr. MANION: But they could refuse them altogether; after all, parliament is supreme.

Mr. EULER: The whole thing, it seems to me, is imperfect.

Mr. MANION: I am not arguing its perfection, I will admit. It was suggested by the royal commission that in the case of a vacancy a panel be submitted by the two remaining trustees. That was their reason for the "stagger" system in the appointments, so that one at a time would drop out and the other two would submit a panel. But in order that there might be a broader basis for the selection of a panel, there were added to the selectors, if I may use that word, the president of the exchequer court and the chairman of the Board of Railway Commissioners. I may say quite frankly that the question was discussed whether the government of the day could not put on a representative, but that would make the matter still more political. The general recommendation of the royal commission being as I have said, the government decided to insert it in the bill.

Mr. EULER: Does the government not think it is a most remarkable principle to ask men who are already on the board to make selections for the panel? It seems to me that they are prejudiced and self-interested, that

is if they wish to act in that way, and it would be better to have the selections made by others than those who are already on the board. What is the principle that governs that provision?

Mr. MANION: Is that not provided for in the fact that the chairman of the railway commission and the president of the exchequer court can also submit names? It is not possible for the two trustees to submit eight names. They would probably submit four and the others would submit four, so that the government would probably have a voice, and the selection would not really prejudice whichever party happened to be in power.

Mr. EULER: Why should the two surviving trustees be selected to submit the four names? Are they the proper persons to do that sort of work? If they are prejudiced, as they well might be, why not somebody else instead of those two?

Mr. MANION: An argument may be advanced in this regard, but there is this to be said for the two remaining trustees; they would understand the railway business to a certain extent and they would know the type of men who should be selected. We will take it for granted that they are honest and true men, and they will probably submit names of men that will be of a suitable type. They might desire to be selected themselves, but the two men submitting the names are not in the panel to be selected. They remain. The submission of a panel is only in the case of one trustee dropping out, because they drop out according to the "stagger" system. They do not submit their own names, and, having had some understanding of the railway business, they should be able to select the right type of men for the position.

Mr. MacLEAN: The minister is on extremely weak ground in the action he is taking. The government say that the first three trustees are to be appointed by the governor in council and there should be some reason for taking away from it the power to appoint in the case of a vacancy. If the governor in council is good enough to appoint the first board, when the time comes for these men to be replaced, the governor in council should be equally competent to appoint their successors. I do not see why the government should want to get away from this practice which has always been followed in making appointments. In this case I think the government is trying to put over the house this bill which is extreme in many ways, and then to appoint a self-selecting board of trustees to carry on in defiance of another party that may happen to be in power is most unfair. The minister is on weak ground in presenting such an argument.

Mr. RALSTON: Is it in the minister's mind—it may be a question of legal interpretation—that the nominating board, so-called, should be unanimous in selecting a panel, or is a majority sufficient? Possibly the remaining trustees might make certain selections and the president of the exchequer court and the chairman of the railway board might act as if they were making individual nominations. I take it that the nominations are by a board and I am wondering whether a majority of the board is sufficient or whether it must be unanimous.

Mr. MANION: I do not think that has been discussed, but the government takes it for granted that the two trustees remaining, the president of the exchequer court and the chairman of the board of railway commissioners would unanimously submit a panel of eight. The clause says that if any such panel of eight is not submitted within ten days in the case of a vacancy, the governor in council may appoint as he may be advised. I am quite frank in saying that it would be difficult for a panel to be submitted in ten days, so that whatever government might be in power, it would likely find itself forced to make the appointments anyway.

Mr. EULER: Does the minister think the period of ten days might be increased to twenty or thirty?

Mr. MANION: If the hon. member does not like the way in which the panel is appointed, why not move to wipe out the ten day provision?

Mr. MACKENZIE KING: My hon. friend states that this is the recommendation of the royal commission and that for this reason it has been inserted. The royal commission have made several recommendations that have not been inserted. Its members have given their recommendations from their point of view, but we are here as parliament to legislate from our point of view. I should not like to be a party to a reflection by legislation on the government of the day, no matter what government it might be. I am speaking to my political opponents, and I say that I have much more faith in their judgment in making appointments to this board than in the judgment of the president of the exchequer court and the chairman of the board of railway commissioners, however able those gentlemen may be. Ministerial responsibility is the

basis of security so far as the public is concerned. Whatever the royal commission may recommend, I do not think it is fitting for parliament impliedly to reflect upon any present or future administration, and this is what is being done by the section as it stands. The intention is good no doubt. There is nothing to prevent the government, if it so wishes, from calling in the president of the exchequer court and the chairman of the board of railway commissioners and consulting them; in fact, that is exactly what the government would do if it believed they were in a position to advise, but security in the matter of appointments rests in keeping them under ministerial responsibility, not in getting away from it. Surely if the government can appoint the judges of the country; if it can appoint these very gentlemen, the president of the exchequer court and the chairman of the railway commission, if it can appoint the personnel of all the other commissions, it can make equally fair and good appointments in the case of the trustees? Why, just because we have in the case of the Canadian National Railways a commercial enterprise that has been subjected to all kinds of examination and criticism, we should as regards government control go back on the fundamental doctrine of ministerial responsibility, I cannot understand. I believe the public will be infinitely more secure by holding the ministry responsible for whatever is done and not restricting or freeing the ministry in its responsibility.

Mr. MANION: In view of the very strong feelings of my hon. friends, and in view, I think, of the fairness of the remarks made on all sides, I suggest that we let this subclause stand and, with the consent of the committee, take up subclause 2 of the same clause.

The CHAIRMAN: Then the amendment of the hon. member for Quebec South will stand.

Mr. POWER: Of course I think my amendment was to strike out the whole of clause 6.

Mr. MANION: I misunderstood.

The CHAIRMAN: Yes, it must be that, because subsections 1, 2 and 4 all stand. The others are carried.

Mr. POWER: My amendment was to strike out all the words after the word "occurring," but I am not going to ask for a vote.

Amendment (Mr. Power) stands.

Subsection 1 of section 6 stands.

On section 6, subsection 2.

Mr. MANION: There was an amendment suggested by somebody that the term might be five years instead of seven. I think five years probably ought to be a reasonably satisfactory term. I give the committee my word that the government has made no clear-cut decision on the point and that it is quite open to conviction, but with a feeling rather favourable to five years. I shall be glad to hear the views of the house.

Mr. MACKENZIE (Vancouver): I had an amendment to that effect prepared, but I do not believe it was moved. I now move to amend subsection 2 by striking out the word "seven" and substituting therefor the word "five," wherever it appears in the section.

Mr. MANION: I am willing to accept that amendment.

Mr. ELLIOTT: Will not that amendment necessitate a change also in subsection 4?

Mr. MANION: Yes. The necessary changes can be made by the legal officers in order that the term may be five years.

Amendment (Mr. Mackenzie) agreed to.

Subsection as amended agreed to.

Mr. MANION: I move that the committee rise, report progress and ask leave to sit again.

The CHAIRMAN: Shall subsection 3 carry? Carried.

Mr. MACKENZIE KING: Before you leave the chair, you put the question, Mr. Chairman, "Shall the section carry"? Is it carried?

The CHAIRMAN: I understand it is.

Mr. MACKENZIE KING: Part of it is standing. The point I was directing attention to was that I understood you to put the question, Shall the whole section carry? Each time you have been saying section, and I understood that you meant what you said.

The CHAIRMAN: When I say clause it is the whole section, and when I say section it is the subsection.

Mr. MANION: Subsection 1 of section 6 stands.

Progress reported.

PENITENTIARY ACT AMENDMENT

CONCURRENCE IN SENATE AMENDMENT

Hon. MAURICE DUPRE (Solicitor General) moved the second reading of and concurrence in an amendment made by the Senate to Bill No. 59, to amend the Penitentiary Act.

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

Mr. DUPRE: By virtue of the Government Employees Compensation Act, any officer who is injured receives compensation. By virtue of Bill No. 59 he will also receive a gratuity, so in the case of an officer injured while handling a convict, for instance, he might receive a double gratuity, plus compensation. The object of the amendment is to ensure that an officer who is injured while handling a convict, for instance, will receive, not a double gratuity, but simply a gratuity plus compensation if he is eligible to compensation in virtue of provincial law.

Mr. MACKENZIE KING: Would the minister read the amendment if he has it available?

Mr. DUPRE: With pleasure. The amendment, which appears at page 412 of the votes and proceedings, reads as follows:

Subsection one of section thirty-two of the said act is further amended by adding thereto the following proviso:—

"Provided that the retiring allowance authorized by this subsection shall not be paid to any officer if he is eligible to receive compensation in respect of the infirmity or injury which has compelled his retirement from the service under and in virtue of the provisions of the Government Employees Compensation Act."

Mr. ELLIOTT: The idea is that he shall not receive two compensations at the one time?

Mr. DUPRE: Yes. But for this amendment he would receive double gratuity plus compensation. With this amendment he will receive simply his gratuity, plus compensation.

Mr. LAVERGNE: In this bill we seem to be legislating on a matter which is entirely provincial. The contract covering a man's services is a civil and provincial matter, and I do not know that this parliament has the power to legislate on a civil contract and determine questions of compensation, or how services shall be terminated, and under what conditions. A man may be dismissed for cause or without cause, and in our province the man may be open to receive compensation even if he is dismissed for cause, or even if his services were not definitely limited to a certain term. Under the French law, compensation has been awarded to a man who has lost his position although there was no fault either on his part or on the part of the company because a civil contract which has no term fixed is binding on the two parties and one party cannot terminate it without paying compensation to the other party. We are here legislating on what I think is a civil matter.

Mr. DUPRE: Answering my hon. friend, I do not think that we are in the least infringing upon provincial rights because by virtue of chapter 30 of the statutes of 1927, the Government Employees Compensation Act, any federal employee is entitled to the benefit of the provisions of any provincial act. At the present time there is a compensation act in every province, if I am not mistaken, therefore, the right to receive a pension is not taken away by the present measure. As heretofore the officer in charge will continue to receive compensation by virtue of the provincial legislation. All we enact is that in addition to that he will be entitled to receive a gratuity from the federal government. Any officer compelled to retire from the service on account of some mental or physical infirmity or injury will receive one gratuity. Any officer who has been hurt or injured by handling a convict or trying to prevent disturbances and so on, will receive double gratuity. We do not want a man who has been hurt while handling a convict or quelling a disturbance to be put on an inferior footing. If he is entitled to double gratuity he will not receive that double gratuity if he already receives compensation by virtue of provincial legislation. He will be entitled only to the gratuity, plus the compensation to which he is entitled by virtue of provincial legislation.

Mr. LAVERGNE: What about the men who are dismissed?

Mr. SPEAKER: The house is not in committee. The hon. member may speak only once.

Mr. BURY: I understand that the only right which is interfered with is the right created by the federal act. The amendment reads: "Provided the retiring allowance authorized by this subsection shall not be paid.." It does not take away any other right, but simply deprives him of the right under the federal act to a retiring allowance where, under the provincial act, he would be getting compensation.

Mr. LAVERGNE: What about employees who are dismissed?

Mr. BURY: There is no interference with his provincial rights.

Motion agreed to; amendment read the second time and concurred in.

ROYAL CANADIAN MOUNTED POLICE

CONCURRENCE IN SENATE AMENDMENT

Hon. MAURICE DUPRE (Solicitor General) moved the second reading of and concurrence in amendment made by the Senate to Bill No. 58, to amend the Royal Canadian Mounted Police Act.

Mr. MACKENZIE KING: Explain, please.

Mr. DUPRE: With pleasure. By virtue of this amendment sections 5 and 7 of the bill as carried by this house are deleted. It simply means that the clauses which enacted that the officer or constable would benefit for the time served in South Africa are stricken out.

Mr. MACKENZIE KING: Section 5 does not deal with South Africa, does it?

Motion agreed to; amendment read the second time and concurred in.

CRIMINAL CODE AMENDMENT

CONCURRENCE IN SENATE AMENDMENTS

Hon. MAURICE DUPRE (Solicitor General) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 53, to amend the criminal code (Offensive weapons).

Mr. MACKENZIE KING: What are the amendments?

Mr. DUPRE: The first, and most important amendment is that to section 1 of the bill. The section, as adopted by this house, enacted that everyone carrying a concealed weapon without a permit is guilty of an indictable offence and liable to imprisonment "for not less than one year and not more than five." This has been changed to read that everyone guilty of an indictable offence will be liable to imprisonment "for a term not exceeding five years." In other words we delete the words "not less than one year and not more than five" and replace them by the words "for a term not exceeding five years." That is the first point.

However I must call the attention of the house to the drafting of the clause, which is different from the drafting we accepted in this house. In order to be clear probably I should read the clause as adopted here, and then as corrected. As adopted the clause read:

> Everyone is guilty of an indictable offence and liable to imprisonment for not less than one year and not more than five years who, not having a permit in Form 76 has upon his person elsewhere than his own dwelling house, shop, warehouse, counting house, or premises, or is carrying concealed upon his person or in any vehicle under his control or of which he is an occupant a pistol, revolver or other fire arm capable of being concealed upon the person.

This was corrected and the new clause as suggested reads as follows:

> "118. Everyone is guilty of an indictable offence and liable to imprisonment for a term not exceeding five years, who, not having a permit in Form 76,—
>
> (a) has upon his person elsewhere than in his own dwelling house, shop, warehouse, counting house, or premises, a pistol, revolver, or other fire arm capable of being concealed upon the person;
>
> or who not having such permit,
>
> (b) is carrying in any vehicle under his control, or of which he is an occupant, a pistol, revolver, or other fire arm capable of being concealed upon the person."

Mr. BURY: What is the idea of adding "or who not having such permit"? That is included in paragraphs (a) and (b) of section 119. I believe it is simply repetition.

Mr. DUPRE: I do not think it is repetition.

Amendment agreed to.

Mr. DUPRE: The second amendment is to section 119, subsection (b) which first read as follows: "Every one is guilty of an offence and liable, on summary conviction to a penalty" and so on who:

> (b) being an alien, has in his possession any shot-gun, rifle or other such fire-arm or any ammunition for any such fire-arm without having a permit in Form 76B.

Here is the amendment as it reads:

> Provided however that any bona fide sportsman and hunter shall be permitted to enter or pass through Canada having in his possession any shot-gun, rifle or other such fire-arm, or any ammunition therefor, on condition that he pass continuously through and out of Canada or if not that he apply for a permit in Form 76B without undue delay after entering Canada.

Amendment agreed to.

Sir GEORGE PERLEY: The other changes are merely verbal.

Mr. DUPRE: Section 120, subsection 1 is amended by adding the following words:

> or for target practice in a regularly organized shooting club approved by the attorney-general of the province in which such club is organized.

Sir EUGENE FISET: What is the purpose?

Mr. DUPRE: The section gives the right to the commissioner of the Royal Canadian Mounted Police or any officer thereof duly authorized, to issue a permit in form 76b to

any person, upon being satisfied that such person requires a pistol or revolver for the protection of life or of property, and also for target practice and so forth.

Amendment agreed to.

Mr. DUPRE: The other is not of great importance. In subsection 3 the word "in" is replaced by the word "for," to make it clear. It will read:

3. Any permit issued hereunder shall remain in force only during the calendar year for which it is issued. . . .

Amendment agreed to.

Mr. DUPRE: Subsection (b) reads as follows: Whenever the governor in council deems it in the public interest, he may by proclamation:

(b) forbid for such period as he deems fit any person except such persons as may be expressly exempted . . .

And we add "or classes of persons" after the word "persons." Just verbal.

Amendment agreed to.

On section 3—New forms enacted.

Mr. DUPRE: The last is verbal, an amendment to form 76. By this form permission is given to Mr. Blank to carry a revolver, for instance, for the protection of life or property, and we add the following words:

Or for target practice.

In order to make it consistent with the preceding.

Motion agreed to; amendments read the second time and concurred in.

CANADA GRAIN ACT

Hon. H. H. STEVENS (Minister of Trade and Commerce) moved the second reading of Bill No. 79 to amend the Canada Grain Act.

Bill read the second time and the house went into committee thereon, Mr. LaVergne in the chair.

On section 1—Regulations.

Mr. MOTHERWELL: I understand that the purpose of this bill is to carry out recommendations of the Board of Grain Commissioners?

Mr. STEVENS: Yes.

Mr. MOTHERWELL: Well, I have a good deal of confidence in those gentlemen. Looking over the bill I feel that I can with safety support it. I was wondering who drafted it.

[Mr. Dupré.]

Mr. STEVENS: It was drafted by the chairman of the Board of Grain Commissioners in conjunction with Mr. Sweatman. It was then submitted to the law officers of the house and to the Justice department, so they all had a finger in it.

Mr. MOTHERWELL: That is what I understood. I was wondering why it was necessary to engage Mr. Sweatman when we have already a regular lawyer, of six month's standing at least. This is not a difficult bill to draw. I would imagine that the law officers knowing exactly what the board wanted, it would not be necessary to pay special fees to Mr. Sweatman when we had Mr. Taylor available. Maybe the minister has an explanation.

Mr. STEVENS: I have a very full explanation, but I would prefer that we continue that discussion under our estimates.

Section agreed to.

On section 2—Discharge of grain if not owner.

Mr. DONNELLY: Do I understand that this is to allow terminal elevators at the seaports to discharge or ship grain which is not their own property?

Mr. STEVENS: It is really to do the opposite. It is to bring that practice under the control of the Board of Grain Commissioners.

Section agreed to.

Sections 3, 4 and 5 agreed to.

On section 6—Separate elevator receipts.

Mr. STEVENS: There is a typographical error on line 20. The word "is" should be "in."

Amendment agreed to.

Section as amended agreed to.

Section 7 agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. LaVergne in the chair.

Sir GEORGE PERLEY: As some of the miscellaneous items are not contentious I thought we might consider them.

To provide for the arbitration costs—"I'm Alone" case, $8,500.

Mr. MACKENZIE KING: Would the acting Prime Minister tell us where the I'm Alone is now?

Sir GEORGE PERLEY: The right hon. gentleman must be a little kind to me to-day, for I'm alone myself. The matter is still pending; recently I saw some further papers with regard to it, which I have not had time to read.

Item agreed to.

To provide for the administration of the Royal Canadian Mint, including salaries, contingencies, retiring and other allowances, and general expenses, $180,000.

Mr. LAVERGNE: Under this item I should like to know whether the government is going to conform with section 133 of the British North America Act, which provides that all acts of parliament should be bilingual. The other day I heard the hon. member for Regina say that we should not go beyond the British North America Act in respect of the minority in this country, and my own opinion is that we should conform to that act and follow its spirit. I was rather surprised to hear that statement come from the hon. member, but this is another story and probably Saskatchewan should put its house in order first. Section 133 of the British North America Act is very clear; all acts of parliament should be published in English and in French, the two official languages of the country, and I believe that should apply to our money as well.

Mr. MARCIL: In the absence of the Minister of Justice I should like to ask the Solicitor General for his view with regard to the section referred to by the hon. member for Montmagny. Is it a question of right or what is it?

Mr. DUPRE: I have no objection to answering that question; my views were expressed in this house during the discussion of the motion of the hon. member for Bellechasse, and I would refer my hon. friend to my remarks on that occasion.

Mr. MARCIL: Could the hon. gentleman say in a word what were his views?

Mr. DUPRE: I think it would be better to read the whole speech; then my hon. friend will get the right idea.

Mr. TOTZKE: Would the hon. gentleman say whether he is in accord with the views expressed by the hon. member for Montmagny?

Item agreed to.

To provide for the administration of the Bankruptcy Act, $50,000.

Mr. ELLIOTT: I spoke to the Minister of Finance when his estimates were under consideration, asking whether he had received from the superintendent of bankruptcy any general statement as to what had taken place in regard to bankruptcies during the calendar year 1932. Members of the committee will remember that when the amendments to the Bankruptcy Act were before the committee attention was directed to the very small amount of money that reached the creditors of bankrupt estates. I think of some $58,000,000 in claims in 1931 about $14,000,000 was realized and something less than $4,000,000 went to the creditors. It was thought that by strict supervision over the administration of bankrupt estates by the superintendent, expenses might be reduced and the proportion reaching the creditors increased. I spoke to the Minister of Finance the other evening, and I thought he intended to get in touch with the superintendent of bankruptcy to see if we could have a statement covering the year 1932. That gentleman is in a better position to furnish such a statement than anyone else, and I think it would show whether we are getting any real results from the changes we made, including the appointment of the superintendent.

Sir GEORGE PERLEY: Would it answer the purpose of the hon. gentleman if I asked the Minister of Finance to prepare a statement as soon as possible?

Mr. ELLIOTT: The Minister of Finance stated that he would get in touch with the superintendent.

Item agreed to.

To provide for the expenses of work in the interests of fire prevention to be carried on by the Department of Insurance, $9,300.

Mr. MACKENZIE KING: I believe some report was made recently by an official of the Finance department with regard to a disastrous fire that took place in Hull. Would the minister state who the official was and what his particular functions are?

Mr. RHODES: Mr. J. Grove Smith is the fire protection commissioner. The work he performs is almost entirely of an advisory, educational and consulting nature, maintaining records of fire losses, preparing reports upon fire prevention legislation and fire protection methods in Canada and foreign countries and so on, with a view to establishing reasonable standards of fire prevention and fire safety in Canada. I have had no official contact with the fire in question or the investigation which I believe was conducted with respect to it, but my impression is that

this investigation was carried on by provincial authorities. At all events I shall institute inquiries and ascertain the facts and give them to my right hon. friend before we rise.

Mr. MACKENZIE KING: I think it would be well to let the item stand until we get those particulars. It was somewhat of a surprise to discover that the Department of Finance had an obligation in the matter to the extent reported in the press.

Item stands.

Office of the Prime Minister—salaries, $25,830.

Mr. POULIOT: I know the Prime Minister is a very hard worker but I should like to relate an instance which came to my notice. One of the officials of the Kiwanis club of the district of Washington wrote to the Secretary of State of the United States to ask if it would be possible to obtain a bottle of water from the House of Commons in Ottawa. There was a celebration to be held in Washington and the club wanted this water in order to drink a toast to Canada. The Secretary of State of the United States very gravely wrote to the Canadian minister in Washington to ask him if he could supply this sparkling fluid. The Canadian minister wrote to the Department of External Affairs, and I was just wondering if the department communicated with the office of the Prime Minister.

An hon. MEMBER: Oh yes.

Mr. POULIOT: If they did not communicate direct with the office of the Prime Minister, the subsequent actions were taken under the supervision of the Prime Minister himself. He gave instructions that his department should communicate with the Sergeant at Arms. The Sergeant at Arms gave instructions to the chief messenger to fill a clean bottle with water taken from a tap in the House of Commons. The chief messenger filled a bottle with water and returned it to the Sergeant at Arms. It was then turned over to the Department of External Affairs which sent it by special mail or express, I am not sure which—

Mr. POWER: Diplomatic courier.

Mr. POULIOT: The hon. member for Quebec South suggests that it probably went by diplomatic courier. However, the bottle was sent to the Secretary of State of the United States who forwarded it to the Canadian minister, who in turn had it conveyed to the president of the club.

Mr. MALCOLM: It did not turn out to be anything else, did it?

[Mr. Rhodes.]

Mr. POULIOT: This was during prohibition and probably the president of the Kiwanis club thought that there was something pleasant to the taste in the water drunk by the members of the House of Commons. The Prime Minister may be very busy with matters of state, but if his time is taken up with such things as sending a bottle of water from Ottawa to Washington, he might better stay here and listen to the speeches delivered by hon. members.

Mr. NEILL: I am sorry the Prime Minister is not present as there was a matter I wanted to take up with him. However, as no other opportunity will be afforded, I will take up this matter under this item. On June 22, 1931, upon going into supply, I raised the question of the need of reopening the matter of compensation for the pelagic sealers on the Pacific coast. There was considerable debate at that time in which the Prime Minister took part at some length. He concluded with these words:

> However, now that the opportunity presents itself I shall make inquiry and ascertain from a study of the documents whatever may be necessary to aid my somewhat fautly memory upon some of these points.

If that means anything, I take it to mean that he would look into the situation to see whether action was justified. It is quite a burning question out there. There are a number of people who feel they have been very hardly used in the matter. This is a complicated question with which I am not going to delay the committee now. There are three or four different classes of applicants who consider they have not received justice, and my suggestion was that the government should take into consideration the question whether they should not reopen the whole investigation. Judge Audette was sent out there a number of years ago. To prove that the matter is still a live one in the city of Victoria, I see by a newspaper paragraph that the city council is proposing to seek compensation under the pelagic sealing treaty for three old sealers who are now at the old men's home and it is proposed to ask the Dominion government to investigate the claims of the men, et cetera. It certainly is a question which, if there is any force in the argument that a thing is never settled until it is settled right, should be revived. As I say, I do not want to delay the committee by going into the merits of the matter, because it is too complicated, but I am strongly convinced and many men who are more conversant with the matter than I am are also convinced that certain classes of men are not getting a fair deal.

In regard to the tentative promise of the Prime Minister, I may say that I have been from time to time making attempts through his private secretary to find out whether anything has been done in the matter. I wrote to the private secretary first on December 27, 1931, again on May 10, 1932, again on August 25, 1932, and again on February 9, 1933. Not having received any reply, my only recourse is to bring the matter up in parliament. We are voting, I think, a substantial addition to some secretary's salary. I do not know whether it is this particular gentleman or not, but when a member writes to the secretary of the Prime Minister on a matter that has taken place in the house, he is entitled to a reply. On two occasions I did meet the gentleman and he told me orally that the matter was going to be dealt with or at any rate I would receive a reply, but that has not been forthcoming. I hope the Prime Minister will take notice of this and see that the matter is attended to. This is not a question as to whether I get an answer or not. I am quite indifferent to that. It is a question in respect to which a very substantial wrong has been done to a number of Canadian citizens. The money was appropriated to compensate them and they were not compensated. The money went into the consolidated revenue fund of Canada. I hope whoever is in charge for the moment of the item will bring this matter to the attention of the Prime Minister.

Sir GEORGE PERLEY: I shall certainly take steps to see that it is brought to his attention.

Item agreed to.

External Affairs — London — salaries and expenses of the office of the High Commissioner for Canada, including $1,800 additional to that authorized for the High Commissioner by chap. 15, R.S.C., $123,660.

Mr. RHODES: Inasmuch as the Prime Minister is absent, would it be agreeable to take up the items of the Department of External affairs and leave one item standing with the understanding that any matter may be discussed on it? The first would be number 213, the item now called.

Mr. MACKENZIE KING: That is satisfactory so far as the opposition is concerned, on the understanding that on the item left over we may discuss anything.

Sir GEORGE PERLEY: Yes.

Mr. MACKENZIE KING: It would be better to allow the item for the office of the High Commissioner in London to stand.

Mr. SPEAKMAN: I understand any discussion will take place on item 213.

Sir GEORGE PERLEY: Yes.

Item stands.

Maritime Freight Rates Act — amount required to provide for the payment from time to time to the Canadian National Railway Company of the deficit in receipts and revenues, occurring in the year 1933, of the eastern lines, as provided by the Maritime Freight Rates Act:

(a) Amount of the deficit (less that amount thereof as in the next following paragraph specifically provided for) in the receipts and revenues, $6,611,000.

(b) Amount of the deficit in receipts and revenues occurring on account of the reduction in tolls under the application of the Maritime Freight Rates Act, $1,404,270.

Mr. GARDINER: Is it not proposed to leave one of these items in the supplementaries, upon which any matter can be discussed?

Sir GEORGE PERLEY: Certainly, if the hon. gentleman wishes one to stand.

Mr. MACKENZIE KING: And we shall be free to discuss any supplementary matter upon it?

Sir GEORGE PERLEY: Yes.

Item stands.

Public Works—Miscellaneous—Architectural branch—salaries of architects, clerks of works, inspectors, draftsmen, clerks and messengers of outside service, $63,700.

Engineering branch—salaries of engineers, clerks, etc., of outside service, $419,000.

For operation and maintenance of inspection boats, $10,000.

Maintenance and operation of water storage dams on Ottawa river and tributaries, surveys and settlement of land damages, $25,000.

National Gallery of Canada, $35,000.

National monument on Connaught place. $75,000.

Surveys and inspections, $55,000.

Balance of expenditure for works already authorized, provided amount for any one does not exceed $200, $5,000.

Miscellaneous works not otherwise provided for, not more than $3,000 to be expended upon any one work, $50,000.

Mr. GARDINER: Would it not be possible to allow one of the items in the public works estimates to stand? One of my colleagues wishes to discuss the matter of dredging.

Mr. RHODES: There are still two items remaining, if that would suit the purposes of the hon. gentleman. There will be no curtailment of discussion.

Sir GEORGE PERLEY: Items 270 and 271 still remain.

Mr. POWER: I would like this item to stand because I want to ask for certain information respecting the war pictures that are supposed to be in the cellar of the National Gallery. I want to know if they are still there.

Item stands.

Trade and Commerce—Dominion Bureau of Statistics, and also to provide for the appointment of James Muir as Compiler of "Daily Bulletin," Dominion Bureau of Statistics, Department of Trade and Commerce, at $2,520, per annum, effective April 1, 1933, notwithstanding anything to the contrary in the Civil Service Act, $549,300.

Mr. MACKENZIE KING: Can the Minister of Trade and Commerce tell us whether the advertisement I have under my hand, dealing with what the minister expects Canada to do, comes from the bureau of statistics or from the bureau in the department?

Mr. STEVENS: That is under publicity.

Mr. MACKENZIE KING: That comes a little later, does it?

Mr. STEVENS: Yes.

Item agreed to.

National Research Council, $404,500.

Mr. MALCOLM: I want to make one observation on this vote. I am not criticizing the size of the vote, but I want to point out to the Minister of Trade and Commerce and to the Minister of Finance that in all the expressions which they have received from chambers of commerce all over Canada as to what might be done to reduce the expenditure of the administration not one has referred to this item.

I think that in this item lies the greatest opportunity for economy that might be practised by the government of Canada. I am informed that although the Dominion of Canada has built one of the finest research buildings to be found anywhere, with the definite intention of coordinating the research work of the various departments of government, there still remain thirty-four separate laboratories operating outside the research council building. I quite appreciate the difficulty that faces the Minister of Trade and Commerce, or whoever is the minister in charge of the estimates for the research council. I realize the desire of every deputy minister to retain within his department as many services as he can, and yet in these days when economy should be the watchword, and coordination of services should be resorted to in every way possible, it does seem to me a perfect disgrace that we should be maintaining laboratories in so many different departments, and should not be coordinating the work of research when we have the facilities to do it.

I know perfectly well the attitude of the Prime Minister. I know that when he was leader of the opposition he felt at the time the research council was started that there would be difficulty in having the various departments release their research work so that it might all be coordinated. But I submit to the Minister of Finance and the Minister of Trade and Commerce that there is no more effective way of practising economy at the present time than by compelling the deputy ministers who are retaining research departments of their own to help coordinate the work of research. These deputy ministers are all members of the research council, and there should be no rivalry. Research can be done better through coordination of effort in one building than by separate effort in scattered laboratories. Duplication would be avoided, and money would be saved. The research council building was erected for that purpose and I urge upon the Minister of Finance that he bring this matter to the attention of council, and that this duplication be done away with. The vote itself is not large enough. It is in the votes of other departments that savings could be effected.

Mr. STEVENS: I might in a word or two explain the situation. With much that the hon. member has said I am entirely in accord. The development or growth of these separate research laboratories in different departments is, I think, a matter for regret. We have had the matter under study for some time. Only a few weeks ago the Prime Minister and some of his colleagues were discussing the whole situation, and it is intended as soon as parliament prorogues to give the matter very careful study and do the utmost possible to coordinate these services.

Mr. MALCOLM: Hear, hear.

Mr. STEVENS: There are a few of them that are necessary in other parts of the country; I shall not go into detail, but coordination can be carried on under the direction and general aegis of the research council and its main central laboratories.

Mr. MALCOLM: I rise only to assure the minister that what he does in that regard will have the full cooperation of those who sit to the left of the Speaker; that was the very purpose for which these laboratories were built by the former government.

Item agreed to.

Printing of parliamentary and departmental publications, including the "Canada Year Book," $139,325.

Mr. HEAPS: I do not know what is included in this item, but there are certain publications coming to members of the house which I think a great many of us would be glad not to receive. I have in mind two publications which are distributed to members each year, but for which no payment is made. I refer to the Canadian Annual Review and the Parliamentary Guide. I wonder which department pays for these publications?

Mr. STEVENS: The Parliamentary Guide is prepared privately by officers of the house. There may be a grant, although I am not certain that there is. However it does not come under this vote. I do not think the Canadian Annual Review is published by a department.

Mr. YOUNG: There is a special item dealing with it.

Mr. REID: That is a private book. Are there no grants made to either of these publications?

Sir EUGENE FISET: No; a number of copies are bought by the House of Commons and the Senate.

Mr. HEAPS: That is the same thing.

Mr. STEVENS: The Parliamentary Guide is entirely a private enterprise.

Mr. HEAPS: Is any grant made by the government for the printing of it?

Mr. STEVENS: So far as I know there is not. I make that statement subject to verification.

Mr. NEILL: There is an item in the estimates.

Mr. STEVENS: For the Guide?

Mr. NEILL: Yes.

Mr. STEVENS: I do not think there is.

Mr. YOUNG: There is an item in the estimates for the Canadian Annual Review at $8 a copy.

Mr. STEVENS: We are talking about the Parliamentary Guide.

Sir EUGENE FISET: I believe a certain number of copies are bought and distributed free to the members.

Mr. STEVENS: Probably that is right.

Mr. HEAPS: I should like to have this matter settled. Personally I am in favour of cutting both out.

Sir GEORGE PERLEY: I am quite sure the Minister of Trade and Commerce has stated the true facts. So far as I know, no money is voted for purchase of the Parliamentary Guide. Usually however the Senate and House of Commons buy a number of copies for distribution among the members.

Mr. NEILL: That is the same thing.

Mr. HEAPS: Yes, that is the same thing. If five hundred books are purchased by the government it is the same thing as giving a grant. I would be in favour of cutting out those purchases. If the members want them, let them buy them from the publishers. I should like to know if the minister or any other member of the government can inform the committee as to the number of books purchased, and the price paid?

Mr. STEVENS: I can state definitely that it does not come under this item. However I shall make inquiries and ascertain what is done. I am under the impression that at the present time no public money is granted to the Parliamentary Guide. However I make that statement with the reservation that I shall look into the matter.

Mr. HEAPS: Is it possible, as has been stated by the acting Prime Minister, that a large number of these books are purchased, and that they are distributed free to the members?

Mr. STEVENS: I am not speaking with any degree of certainty, but my impression is that that used to be the case, but that the practice was discontinued two or three years ago.

Mr. HEAPS: Is the minister in a position to tell the committee whether the Canadian Annual Review is purchased by the government and then distributed to the members?

Mr. POWER: May I tell the hon. member that at page 18 of the estimates under the heading "Contingencies" the following item appears:

To purchase, for the use of senators and members of parliament, 360 copies of the Canadian Annual Review, edition of 1932-33, $2,340.

Mr. NEILL: I think we will find a similar item for the Parliamentary Guide.

Mr. STEVENS: I do not think so.

Mr. HEAPS: Probably this discussion is not relevant to item 285, but my personal opinion is that it would not be a bad idea for the government to discontinue the purchase of these publications for the members

of both houses of parliament. I should be happy to have the government take that matter under advisement, and consider discontinuation of purchases of the Canadian Annual Review. If the same practice is followed in connection with the Parliamentary Guide they might—

Mr. QUINN: Include Hansard as well.

Mr. HEAPS: I would not object.

Mr. QUINN: Cut off some of the speeches.

Item agreed to.

Publicity and advertising in Canada and abroad, including the sum of $100,000 for publicity and advertising in the United Kingdom and Europe to be administered by the High Commissioner for Canada, $173,500.

Mr. MACKENZIE KING: I have some observations to make concerning the item for publicity and advertising in Canada and abroad, including the United Kingdom and Europe. This afternoon we passed rapidly a good many items. I should like to state that in passing those items we would not wish the committee to assume that we do not think there is room for a good deal more in the way of economy in regard to some expenditures of the departments. We realize, however, that at this stage of the session it is probably desirable to hasten matters along, and for that reason we have been content to refer only to one or two items which serve as illustrations of how further economies and avoidance of waste might be effected.

I have in my hand a full page advertisement which appeared in a great many Canadian newspapers. I shall ask the minister to tell the committee how many papers carried the advertisement, their names, and the amounts paid to each. The paper I hold in my hand is the Hamilton Spectator of Thursday, January 5, 1933. Before reading the advertisement I just wish to remind the house of what the Prime Minister himself said, namely, that in the last analysis, exports can be paid for only by imports. In that connection I should like the committee to keep in mind the effect of the government's restrictive tariff policies upon the possibility of extensive importations into Canada.

I believe this advertisement represents a waste of public money; money is simply being thrown away on this type of advertising. It cannot possibly bring in a return to any extent worthy of mention. The advertisement reads:

Canada expects that every producer, every business man, this year will do his duty. And under present conditions his supreme duty is to export, as much as possible, whenever, wherever possible.

Canada never needed more export trade as urgently as she needs it to-day.

She needs it because of the employment it would provide for thousands of those who are now out of work.

She needs it because of the added production it would give her with little or no increase in her overhead, thus improving her competitive position both at home and abroad.

She needs it because of the important part it would play in the solution of the international exchange problem.

Help to bring about a substantial increase in Canada's export trade, and better times will automatically follow.

New Opportunities Beckon

The new trade agreements now in effect with other parts of the British Empire create wonderful opportunities for increasing Canada's trade abroad. But to take full advantage of these new opportunities you must supply commodities which meet the requirements of overseas purchasers.

Price, quality, continuity of supply, these are the prime requisites in securing and maintaining overseas markets. Competition is keen. Purchasers are discriminating in their tastes and preferences. Study their needs and give them what they want, when they want it, and how they want it.

Help Canada by accepting Canada's offer to help you!

H. H. Stevens,
Minister of Trade and Commerce.

Mr. Chairman, that sort of lecture or exhortation to the commercial interests of Canada, paid for as advertising matter, is as good an example as could possibly be given of sheer waste of public money. What is needed for a furtherance of export trade is a change of policy on the part of hon. members opposite. Instead of telling Canadian exporters to do the impossible under conditions for which the government itself is largely responsible, let the government by its policies make it possible for the producers of this country to export. Will the minister explain the last sentence in the advertisement—"Give them what they want, when they want it, and how they want it"? What does that mean under present opportunities?

Mr. STEVENS: It means precisely what it says. That is one of the things which is necessary more than anything else in Canada. The Canadian exporter must study the requirements of foreign markets, and must give them the articles they want in line as nearly as possible with their demands. He must study the markets abroad and time his exportations to suit the requirements of those markets. The right hon. gentleman has on several occasions, in fact ever since I took charge of this office, criticized me very bitterly

for anything that I have done at any time in connection with publicity. This particular publicity was the subject of so many favourable comments that I was satisfied it was a timely and proper note to sound in regard to our export business. I quite admit that the right hon. gentleman will differ from me in this respect, but this advertising is done with an earnest desire to stimulate the interest of Canadians in our export business. I am not desirous of entering into a lengthy discussion of the matter, but may I say briefly, that our exports, as far as quantity is concerned, leaving aside price, have been kept up remarkably well. I have been proud of what Canada has achieved in this respect, particularly in the last year of serious depression. We are simply doing our utmost to extend that.

The right hon. gentleman referred also to the amount allocated for advertising in Great Britain. That includes the regular campaign in respect to Canadian apples, instituted before I came into office, which has been perhaps one of the most successful pieces of advertising that the people of Canada have ever undertaken. It was carried on under the officials who were in charge of it before we came into power. The cost is some $10,000 to $20,000 a year; I think last year we expended $20,000 on that account.

We are also carrying on advertising in Great Britain in connection with maple products, canned goods and other Canadian products. The amount allocated there has been materially cut down. But I feel quite satisfied with the efforts we have made in that respect. I recognize that the right hon. gentleman disagrees with me; he has sought on many occasions to refer humourously to these things and if that gives him any satisfaction it does not hurt me. But I want to assure him that these things are done with the definite object and desire to assist in the expansion of Canadian business.

Mr. MACKENZIE KING: The minister has not told me in how many papers he has inserted these advertisements and what was the expenditure involved.

Mr. STEVENS: I am afraid I have not under my hand the detailed information in that respect.

Mr. MACKENZIE KING: It is important that the committee should have that information before the item carries. Perhaps the minister would make a note of it and give the committee a list of the Canadian papers that have received this advertising.

Mr. STEVENS: If the right hon. gentleman will let me have the advertisement I will attend to that.

Mr. MACKENZIE KING: I wish to know how much has been spent in connection with this advertisement. The minister might also inform the committee whether he has given similar advertisements to other papers, and how much has been spent on government advertisements of the kind mentioned in Canadian publications.

Mr. STEVENS: I shall be glad to get that information.

Item stands.

Weights and measures inspection service, including international bureau of weights and measures, $311,620.

Mr. REID: What item of revenue does this come under?

Mr. STEVENS: Under weights and measures. My hon. friend wants the revenue for last year, I presume. The revenue for 1930-31 was $420,000; for 1931-32, $406,000. At the time this statement was made the end of the year had not arrived, so I have not the precise figures for 1932-33.

Mr. MALCOLM: That branch of the service is more than self-sustaining, and has been.

Mr. STEVENS: It shows a balance every year.

Mr. REID: I should like to make a suggestion. I understand that a charge is made of $2.50 for inspecting gas pumps. I had a complaint from Vancouver the other day. It is well known that some gasoline stations now have eight or ten different pumps, and the inspector comes along and charges the owner of the station $2.50 for every gasoline pump he has. I suggest that the minister take that under advisement, because it does not take long when the inspector is there to go over all the pumps. Many stations are complaining that it is too much to charge $2.50 for every pump they own.

Mr. STEVENS: I have already gone into the matter with care, and I cannot find that there are any hardships. The inspection is once a year. It is a protection to the seller of the gasoline as well as the public; particularly of course is it a protection to the public. It is a good service, well organized and carried on in an excellent manner, and while we have had a few complaints regarding

fees—very few—I have gone into that phase carefully and I see no reason to lower the fees. I can assure my hon. friend that the question has not been treated lightly.

Mr. GARDINER: May I call the minister's attention to the dissatisfaction that is prevalent concerning the manner in which coal is weighed. I think it has been brought to the minister's attention on several occasions within the last twelve months. The complaint is that the weighing of coal in the railway cars by the railway companies is not accurately done; very often the cars are short two, three or four tons. We think a more accurate method should be devised. Has the minister given the matter any consideration?

Mr. STEVENS: There may be isolated cases that I have not heard of. If the hon. gentleman has any information and would let me have it confidentially we will follow it up at once. But it must be apparent that there is a double check on this. The railways will weigh these cars to the maximum weight they hold for the purpose of getting the maximum revenue; for the charge is according to weight. There may be occasional inaccuracies, but they are rare. I think the business is now on a very excellent basis. But I shall be glad to have any information of that character, and to look into it at once.

Mr. GARDINER: I think information was sent to the minister some twelve months ago.

Mr. STEVENS: I do not charge my mind with it at the moment.

Mr. GARDINER: I will make inquiries, and if the situation is as it was twelve months ago I will give it to the minister.

Item agreed to.

Mail subsidies and steamship subventions—Atlantic ocean—Pacific ocean—local services, $2,172,930.

Mr. MALCOLM: There is a very large increase in the Canada-United Kingdom and Canada-South Africa services, also in the Pacific service, Canada-China and Japan, over what was granted a few years ago. I wish the minister would explain those increases.

Mr. STEVENS: The increases arise out of this situation; the steamship lines of competing countries are subsidized very heavily, to the extent of at least three times what we are paying. Our steamship service in these waters is of vital interest to the maintenance of our trade routes. The matter was very carefully considered, and we decided that in order to keep these splendid mail, passenger and freight services going it was absolutely essential that very substantial subsidies should be granted, and as my hon. friend knows these subsidies were adopted two or three years ago.

Then with regard to the item for South Africa, there is a splendid opportunity at the present time for an expansion of our trade from the Pacific coast with South Africa, touching also the easterly coast of that country. While that service has not been allocated or tenders called for, later on it is intended to have that done. The object is to establish a continuity of service on the Pacific between Canada and South Africa. At present our goods are carried there by lines operating directly from San Francisco and Seattle. Briefly this is the explanation for these two items.

Mr. MALCOLM: I have no objection to the old-established subsidy with regard to the service on the Atlantic between Canada and South Africa, nor have I any objection to the new service which the minister proposes to establish between Canada and South Africa on the Pacific. This subsidy for service between Canada, China and Japan, however, is a very large item, and I should like to know to whom it is paid.

Mr. STEVENS: The Canadian Pacific.

Mr. MALCOLM: I submit to the minister that this is another case of an abnormally large subsidy being paid to encourage trade, while the purpose is defeated by one of his own colleagues. Some time ago I pointed out to the Minister of National Revenue that raw silk could be imported into New York without the application of any dumping duty at all, whereas in Canada the Customs department applied a currency valuation which allows a dumping duty on this article. A man buying a hundred thousand yen worth of silk, which would be about $25,000 worth, could save $1,400 by buying that silk in New York instead of buying it in Tokyo and importing it by Canadian steamships through a Canadian port. Here we have the Minister of National Revenue making it easier for the silk to be taken via the Panama canal to New York than to be brought directly to Vancouver, and yet in the estimates of the Minister of Trade and Commerce we have this very substantial sum of $659,000 being voted which is paid the Canadian Pacific in order to encourage trade with Japan. I submit to the minister that this is a very large subsidy. Some years ago the British government wanted to secure the flagship of the Atlantic, and subsidized the Cunard line to

construct the Lusitania and the Mauritania. The subsidy granted amounted to $364,000 per year per ship. The British government got two fast transatlantic transports, which they could and did use for troop ships in time of war; they had the flagship of the Atlantic, and all this for a sum not much greater than the amount we here ask for one service. In my opinion $659,000 is a very substantial amount, and is quite out of line with the volume of tonnage being carried on the route. I believe this first item of $535,000 to subsidize the line between Canada and the United Kingdom on the Atlantic is justifiable to some extent because it includes the former subsidies for mail service.

Mr. STEVENS: The Pacific subsidy includes mail service also.

Mr. MALCOLM: But these two items, totalling practically $1,200,000 a year, at 5 per cent would represent a capital investment of $24,000,000. In consideration of the volume of trade that is moving at present I consider them very generous subsidies.

Mr. STEVENS: My hon. friend has not been quite fair in his analysis. Previously we paid the cost of carrying the mails, but that is included in this service.

Mr. EULER: How much was that?

Mr. STEVENS: I was looking for that information, but I do not seem to have it here. It is a very substantial amount. On the Canada-Australia service the cost of carrying the mail is greater than the subsidy we give, and we may have to bring that back to where it was formerly in the supplementary estimates. Then there is another point: On the Pacific coast the United States pay a subsidy of $5,000,000 for the China-Japan service.

Mr. MALCOLM: But they have a large volume of business.

Mr. STEVENS: We have a very substantial business also with both China and Japan, and our trade with those countries is increasing. On the Atlantic these subsidies ensure a service which could not be maintained otherwise, at least in these days. We thus provide for the carrying of the mails and we have a fast, all-Canadian route. My conviction, after going into the matter with great care, is that we are justified in paying these subsidies.

Mr. MALCOLM: Has the minister any figures that would indicate the percentage of the total trade passing over this route which would be represented by this subsidy?

Mr. STEVENS: No, I do not think so; the figures never have been segregated in that way. There is no question as to the remarkably fine service given by this company with regard to high class freight going from Canada to the orient. Our high class package freight moves with very great dispatch.

Mr. MALCOLM: But the volume is small.

Mr. STEVENS: It is very considerable.

Mr. NEILL: Was not the China vote cut by a third last year?

Mr. STEVENS: Yes.

Mr. NEILL: Previously it was $988,000?

Mr. STEVENS: Yes.

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

After Recess

The house resumed at eight o'clock.

Mr. SPEAKER: The business under the heading of private and public bills having been exhausted, the house will now revert to committee of supply.

SUPPLY

DEPARTMENT OF TRADE AND COMMERCE

The house in committee of supply, Mr. LaVergne in the chair.

Trade and Commerce—Mail Subsidies and Steamship Subventions—Atlantic ocean—Pacific ocean—local services, $2,172,930.

Mr. REID: The committee will remember that last year I discussed the matter of the employment of orientals on subsidized Canadian ships. At that time I pointed out that while it was true that we had no control over the employment of seamen on ships operated by private owners, we as a country should give a lead in seeing that something is done to have more Canadians employed at least on our subsidized ships. At the present time there are 2,573 orientals engaged on ships running out of the Pacific coast while over 2,000 white seamen are without employment.

Mr. HEAPS: Where do those ships ply to?

Mr. REID: The Canadian Pacific Steamships Limited operates a line between Vancouver and the orient. The steamship Empress of Asia employs 500 orientals; the Empress of Canada employs 500; the Empress of Japan, 495, and the Empress of Russia, 500, while each ship has a personnel, including the captain and engineer, of only 60 to

65 white Canadian seamen. In the coastwise service, 107 orientals are employed by the Canadian Pacific Steamships Limited while the Union Steamships Limited employs 90. Large subsidies are paid to these companies. I believe I am correct in stating that a subsidy of $4,950 per outward trip per ship is paid to the British Canadian Steamships Limited which employs approximately 300 orientals.

Mr. HEAPS: Does Japan pay any subsidies to these companies?

Mr. REID: My information is that they do not. I understand, and the minister can correct me if I am wrong, that this company sometimes charter other ships, and that they receive the same subsidy for each outward journey, and this is money which they obtain for very little outlay. After investigating this matter, I have come to the conclusion that these subsidies do not help the lumbering industry of British Columbia. I think it was last year that the minister pointed out that they were given in order to encourage this industry, but I do not think they help at all.

Sir GEORGE PERLEY: Will the hon. gentleman please explain himself a little further?

Mr. HANSON (York-Sunbury): You might object to the former Minister of Trade and Commerce (Mr. Malcolm) who started these.

Mr. REID: If they were given to companies employing orientals I would have taken exactly the stand I am taking right now. I understand that a Mr. MacMillan is in charge of lumber sales for British Columbia. When he receives an order the rates are quoted to various parts of the world, to China, to Australia, to New Zealand or some other country. I maintain that the lumber would be shipped just as cheaply to these particular countries even though no subsidies were paid. At the present moment ships come to the Fraser river to load lumber for Great Britain and other parts of the world. Although they are not subsidized by their respective governments, they carry the lumber at as reasonable rates as this subsidized company.

I think it is about time that we in Canada began to look after our own people a little bit. Every other country is giving encouragement to the employment of its own nationals as seamen. When a Norwegian ship comes to Vancouver or New Westminster it is manned by Norwegian seamen; British ships are manned by British seamen, the Australian ships by Australian seamen, but when it comes to our own ships, no encouragement whatever is given to the employment of Canadian seamen. When subsidies are paid by the people of Canada, Canadian seamen should be employed. There is another matter to which I would like to refer but it is one for which perhaps the Minister of Trade and Commerce has no responsibility. Ships of British registry entering the ports of British Columbia will not engage Canadian seamen. I should like to read a sworn statement by one Paul Bailey. It reads:

He says regarding his application for a position on the steamship Janeta, which I believe is a British vessel:

That I produced my discharge certificate numbered 10094 as aforesaid, and opened the same showing the entries covering my periods of employment from the year 1925 to date.

That after perusing the same, the said master informed me that I could not obtain employment unless I had a British Board of Trade discharge book, and was domiciled in England.

That I was born in Canada and have always lived in Canada, and I explained this to the master, but he still refused to give me employment for the reasons aforesaid.

That the assistant shipping master who was present did not inform the master of the vessel that Canadian born seamen who have resided in Canada are unable to obtain British board certificates in Canada, and that my certificate of discharge book is the proper certificate for me to have, and is the certificate that is generally accepted, at the port of Vancouver by British masters seeking to employ firemen or trimmers.

That I am informed and verily believe that the said ss. Janeta—

That is the ship the master of which refused to hire this Canadian seaman because he was not domiciled in England and did not have a British board of trade certificate.

—is subsidized by the Canadian government, and that the said vessel is trading between Canada and the orient and that I am advised and verily believe that the refusal of the said master to employ me, by reason of my failure to possess a British Board of Trade certificate was improper.

That suitable regulations covering cases of this kind should be forthwith made to prevent repetition of these occurrences affecting myself and other seamen.

And I solemnly make this declaration conscientiously believing the same to be true and knowing it to be of the same force and effect as if made under oath and by virtue of the Canada Evidence Act.

He signed this before a justice of the peace. It was sent to me by the Canadian Seamen's Institute of Vancouver, along with one or two other affidavits to the effect that Canadian seamen could not obtain employment on British ships coming to the ports of New Westminster and Vancouver.

It is high time that we in this country take serious note of the fact that no encouragement whatever is given to our seamen and young men to follow the calling of the sea. It is annoying to think we would have that number of orientals employed on ships on the Pacific trading between foreign ports or carrying on coastwise trade, when there are in the ports of New Westminster and Vancouver more than 3,000 Canadian seamen who are willing to work and who are just as competent as, if not more competent than, the orientals, but who cannot obtain positions or employment on those ships on account of the fact that orientals are given the preference.

It has been stated before that if we commenced to curtail the employment of orientals, Japan or some other foreign country might take note of the fact. It might be interesting to the committee to know that Australia, which has gone very far in that sort of legislation and which does not allow ships with oriental crews to unload in her ports, a move which one might consider very drastic, has been doing far more trade during the past three or four years with Japan and China than Canada has. But I come back to the point that every country is giving encouragement to its own nationals while we in Canada ignore this entirely, although we have on the entrance to the parliament buildings the words:

> The wholesome sea is at her gates,
> Her gates both east and west.

Mr. STITT (Nelson): North should have been added to that.

Mr. REID: I am willing to add that, only I hope when the north is added, the unwholesome conditions that we have on the Pacific coast will not be found there also.

The situation in the east is different from that on the Pacific, because ships from eastern Canadian ports are employing Canadians.

Mr. LAVERGNE: No.

Mr. REID: Two days ago the question was asked in the railway committee and I was informed that boats belonging to the Canadian National and plying between Atlantic ports and the West Indies were employing Canadian citizens. If that is the case, I am pleased to hear it.

Mr. LAVERGNE: They are not.

Mr. REID: That was my information. I am sorry to hear they are not. That makes the situation all the worse.

Mr. MACKENZIE (Vancouver): Whom are they employing?

Mr. LAVERGNE: Englishmen, Scotchmen or Welshmen, but not Canadians.

Mr. REID: It has been stated that many of these orientals are British subjects, and I believe if they come from some Chinese ports, they claim to be British subjects, but no one can be sure whether they are or not. Personally I doubt their statements. But what I want is that we employ our own people, because the Asiatic, whether he calls himself or actually is a British subject, is of a non-assimilable race. I could point out the danger that might arise, if war broke out in the Pacific, with all these orientals on board these ships. Take, for example, ships with a crew of 600 orientals and only a few whites. It may be said that orientals are necessary in carrying oriental passengers. We are not objecting to a few orientals being carried on these ships, but we are objecting to the employment of hundreds of orientals as against a very few whites. I urge upon the minister and the committee that we show the way to the others by inserting in the contracts for our subsidized lines some provision that on a mail subsidized ship or one subsidized for the carrying of cargo, greater consideration be given to our own Canadian citizens.

Mr. STEVENS: Just a brief reply to my hon. friend. In the first place it must be borne in mind that these ships are running from a Canadian port to two oriental countries, China and Japan, and in the question of international trade one must respect the rights of one country just as much as those of another.

In regard to the Canadian Pacific ships which make Hongkong their terminal port in China and Vancouver their terminal port on this side, as the hon. gentleman has pointed out many of the crews are British subjects taken on at Hongkong. I tell him very candidly now as I told the house last year, that we certainly cannot suggest a discrimination agaist British subjects from any part of the British Empire, whatever their race, colour or creed may be.

My hon. friend says that the British-Canadian steamship service is of no use to British Columbia.

Mr. REID: I said to the lumber industry.

Mr. STEVENS: I was going to say that he had better address that observation to the lumber interests of British Columbia.

Mr. REID: I certainly shall.

Mr. STEVENS: As a matter of fact, it has been of very great assistance to the lumber trade of British Columbia, particularly in the

last year or so. This service was started several years ago. The first contract was with Mr. H. R. MacMillan, who, if not a shipowner, was a ship charterer and carried on his business in that way. He had a three year contract entered into with my predecessor in office. At that time he ran to Australia, but the last two years or thereabouts he ran to China. I have before me the figure as to the lumber carried and it runs into a very considerable amount. The main reason for the granting of that subsidy was to assist in the moving of lumber freely from British Columbia. It was considered to have been a good service and profitable to that province in its results. Last June or thereabouts this contract ran out and we called for tenders for another one. While under the previous contract we paid $7,700 a trip, the British Canadian Steamship Company made a tender at $4,950 a trip, a very greatly reduced amount, and they were given the business. They have two ships not only wholly Canadian owned but built in the city of Vancouver during the latter part of the war by the Coughlan shipyard, and those ships have been operated by them ever since. In addition to those two ships, on one or two occasions they have had additional lumber offering to what they were able to carry and they asked for the privilege of an extra voyage; they chartered a ship and they got that privilege. I would not stand in their way and they moved the lumber and moved it quickly. These chartered ships in practically every instance were British bottoms. Obviously it would be unwise for this government to dictate to the shipping interests of Canada or Great Britain just what type of crew they should carry.

I can tell the committee frankly that we have gone into this matter with considerable care, and there is no way, apart from abandoning the contract altogether, in which we could dictate to them what crews they should carry. It is true we could put in a clause that they must carry only Canadian crews. That could be done, but the service would cost a tremendous amount more. I am not desirous of entering into any argument or discussion over this matter; I am merely stating the facts as they exist. Take, for instance, the Canadian Pacific boats. A very large proportion of their passengers carried in the second class and in the steerage are orientals, and it is quite obvious, without desiring to make any invidious comparisons, that white crews would not serve oriental passengers of the steerage and second class on board those ships. That is the experience of these shipping concerns in oriental waters. Besides, there is an element of fairness in this, because we are seeking to develop trade between Canada and China and Japan, and I think it would ill become Canada through its parliament to discriminate against the citizens of the countries with which we are seeking to develop trade. There is an element of fairness and common sense in this case which must be recognized.

The hon. gentleman also stated that the trade was no good for Canada. I happen to have under my hand a letter dated March 6 last which I shall quote in part to indicate the value of this British-Canadian Steamship Service in carrying lumber freight from the province of British Columbia to the orient. It is addressed to myself by Mr. Day of the Federal Lumber Company, and reads in part:

> When you appointed the Ocean Shipping Company Limited of Vancouver, B.C., to receive the subsidy to China, we were greatly encouraged, as this is solely a shipping company. Our company immediately took steps to form a connection in China, as we were thus assured that we would get equal freight rates with all competitors. The result has been very gratifying. In February we shipped 400,000 feet of lumber to Shanghai, and will ship 700,000 feet of cottonwood logs in March. We are negotiating to-day on a yearly contract for 8,000,000 feet if our present shipments on arrival are satisfactory, as we are sure they will be. Further, one of our principal customers in Shanghai has never had a British Columbia source of supply, so that his shipments are a straight gain for Canada.

Mr. MACKENZIE (Vancouver): Which Mr. Day is that?

Mr. STEVENS: Mr. E. S. Day, president of the Federal Lumber Company. We have abundance of evidence that this service is highly appreciated by the lumber interests of British Columbia. I may tell the committee very frankly that I am not prepared at this time to say that we should attempt to dictate to the steamship companies the ratings that they should carry on their ships. This is a matter that has been well worked out among the shipping interests of the world. We do endeavour to limit the vessels to British ships when British ships are available. It is true that in previous years Swedish or Norwegian ships have occasionally been chartered, but not many. The ships were largely British bottoms chartered by MacMillan, who held the previous three-year contract, and by the present contractors. There are two British Columbia built boats, and one or two other ships which were British bottoms have been chartered. That is virtually all there is to say on the matter, Mr. Chairman. Personally I

am very well pleased with the results of these subsidies so far as the Pacific coast is concerned.

One observation I should like to add, and that is that the freight services from Seattle and San Francisco competing with the services from British Columbia are all heavily subsidized by the United States government, and I say frankly that Canada cannot compete unless a subvention is paid that will enable us to do so by a reduction of the freight on lumber—I am speaking of lumber now.

Mr. MACKENZIE (Vancouver): Where does the item for the British-Canadian Steamship Company appear in the estimates.

Mr. STEVENS: It appears on page 37 of the estimates, the first item under the heading "Pacific Ocean," and the amount is $66,000.

Mr. NEILL: Is not that the subsidized service of the British-Canadian Steamship Company?

Mr. STEVENS: Yes.

Mr. NEILL: I thought the minister gave a different name when quoting from the letter a moment ago. I thought he quoted the name of the company which had the contract as the Ocean Shipping Company.

Mr. STEVENS: No.

Mr. MACKENZIE (Vancouver): Would the minister be good enough to go through the list of services appearing under the heading "Pacific ocean", and indicate the company that receives the subsidy in each case?

Mr. STEVENS: With regard to the first one, the British Columbia-Australian service, the word "Australia" might as well not be there, but that was the original contract made about five or six years ago when the service included Australia. My predecessor came to parliament in 1929, if I recall aright, and asked that it be changed to "Australia and/or China," but since then the service has been run exclusively to China. That is the British-Canadian Steamship Company, known to those familiar with shipping in Vancouver as the Coughlan Company.

With regard to the next item, $100,000 for the British Columbia and South Africa service, there is no subsidy contract outstanding, but there is a very excellent prospect for vastly increasing our business with South Africa. We have been tremendously encouraged with the outlook in South Africa and in west and east Africa.

Mr. MACKENZIE (Vancouver): No contract has yet been awarded for that service?

Mr. STEVENS: No. We will call for tenders later. The next is the Canada, China and Japan service, $659,000.

Mr. MACKENZIE (Vancouver): How much of that subsidy is for mail service?

Mr. STEVENS: It is not segregated but last year from April 1 to December 31 this line carried 62,000 bags of mail. A very substantial portion of the subsidy would be for the carriage of mail.

Mr. SPEAKMAN: Does the company receive any other subsidy for the carrying of mail besides this sum granted by Canada?

Mr. STEVENS: Not from Canada.

Mr. SPEAKMAN: This covers the entire cost to the Canadian government of carrying the mail?

Mr. STEVENS: Yes. It includes our mail service and the maintenance of this very important communication with the orient. I have under my hand a list of the steamship lines subsidized by the United States government, and the subsidies amount in all to $5,000,000 a year.

Mr. MACKENZIE (Vancouver): On the Pacific coast?

Mr. STEVENS: Yes, for services running from San Francisco and Seattle to Japan and China.

Mr. HEAPS: How many subsidized vessels are there on the United States side?

Mr. STEVENS: It is difficult to say. I imagine it takes about six or seven weeks for a round trip, depending upon what the trip is. There are nine different lines subsidized; I have not the ships.

The next item is for the Canada New Zealand service. That is the regular Canadian-Australian-New Zealand service run by the Union Steamship Company of New Zealand as distinct from the Union Steamship Company of British Columbia. In regard to this subsidy may I say that the value of carrying mail exceeds the $75,000. We cut this to $75,000 last year, but I intend later to bring in a supplementary estimate to meet the actual cost of carrying the mail. Then we have the Prince Rupert and Queen Charlotte Islands service; that is Canadian National. Then the Vancouver and British West Indies service is handled by the Canadian Transport Company. That is a freight service which has done excellent service. It carries, chiefly, lumber, oats, hay and other produce, and some fish. Then we have the Vancouver and northern ports of British Columbia service at a cost of

$18,600, credited to the Union Steamship Company. That is a local coastwise service. Then there is the Victoria, Vancouver, way ports and Skagway service, $12,500, a Canadian Pacific service to the north, including the carriage of mail. Then we have the Victoria and West coast Vancouver Island service, operated by the Canadian Pacific from Victoria around the west coast of Vancouver Island.

Mr. MALCOLM: At six o'clock, the minister promised to bring in some figures showing the amount of freight carried on the Canadian Pacific steamship lines, which receive a subsidy of $659,000 per annum. In 1928, 1929 and 1930, when we were doing business with Japan amounting to $44,000,000 a year, no subsidy was paid.

Mr. STEVENS: In 1932 the total was 18,000 tons measurement and 69,000 tons weight to a value of $6,383,000. In 1931 it was $7,495,000 for a period of nine months only, from April 1 to December 31. That is on the whole service.

Mr. MALCOLM: Has the minister any knowledge of what was formerly paid the Canadian Pacific for the carriage of mail before he put both services under one subsidy?

Mr. STEVENS: I have not the total amount, but I know one dollar a cubic foot was paid.

Mr. MALCOLM: It would be interesting to have that information.

Mr. REID: I should like to say one or two words more before the item passes. I cannot agree with the minister when he states that we in Canada cannot dictate who shall be employed on subsidized ships. It seems strange that Canada should take the stand that she cannot do it when other countries of no greater importance do it. Yet we seem to be afraid; the minister says that it would interfere with trade and that any interference would be dangerous to Canada. We know that no ships carrying oriental crews can unload in Australia; yet Australia has prospered as much as Canada. Before the depreciation of the yen and the general depreciation in exchange currencies, in the years 1928, 1929, 1930 and 1931, she did more business than Canada did with Japan and China, yet Australia excludes the Oriental entirely. They have a law under which they allow no Chinamen or Japanese into their country. Despite those facts their trade has not been harmed. From the Canadian Association of Seamen I have a letter, part of which is as follows:

> Our investigation committee discovered that Italian ships, Norwegian, Swedish or Danish, German, French, Chinese and Japanese all carried their own nationals aboard their ships, but when it came to the examination of vessels flying the British flag and sailing under Canadian registry, to our amazement they reported that there were 2,573 orientals on Canadian registered vessels, and on rechecking these figures we discovered that number if anything was a conservative estimate.

I cannot agree with the minister when he states that we cannot dictate, and I believe it is about time we did dictate, on behalf of our own people, and especially when we are paying over a million dollars in subsidies to ships and plying on the Pacific out of New Westminster or Vancouver. The item before us is for $995,540, and I think that figure is further augmented by a subsidy of $4,950 per month. Before I sit down I should like to ask if the Empress liners are being overhauled at Esquimalt dock. Last year some arrangements were made I believe for overhauling in Esquimalt and I believe the Canadian Pacific did consider overhauling at that point. Are they having their ships overhauled at Esquimalt?

Mr. STEVENS: Generally speaking they have been overhauling at Hongkong; I believe that has been the practice for about thirty years. One ship was overhauled at Esquimalt last year.

Mr. NEILL: You gave way on some of the docking charges.

Mr. REID: The largest dock in Canada is situated at Esquimalt; it could take care of the largest liner. Yet this company, receiving so much money from the people of Canada and flying a Canadian or British flag, according to the point of registration—because some of the ships are registered in London, England, and some in Canada—and carrying oriental crews, are not willing to spend any money in Canada; when they want any overhauling done they go to Hongkong and leave our own yards idle. That condition should not obtain. I had hopes when the minister made arrangements last year that all repairing would be done at Esquimalt dock, and that all Canadian Pacific ships would be overhauled at that point. Apparently, however, they continue to have that work done in China or Japan. I object very much to the Canadian Pacific or any other company using oriental crews and having their work done at other points, especially when that company is subsidized and assisted by Canadian funds.

Mr. MALCOLM: I should like to consolidate as briefly as I can my criticism of two items in the estimates. The people of Canada are asked to vote $659,000 for service between Canada and China and Japan, a

vote which did not exist in the year 1930 when this government came into power. They are also being asked to vote subsidies between Canada and the United Kingdom on the Atlantic for $535,000, another vote which did not exist in 1930 when this government took office.

The minister points out that part of this service is the carriage of mail. In the estimates for the Post Office Department for the year 1930, at page 73, we find that the total amount of money paid by the Post Office Department of the Dominion of Canada for the carriage of mail by steamship, on all services, Atlantic, Pacific and internal, amounted to only $530,000. Therefore, if we allowed all the money which the Post Office Department paid for these two services we find that we still have an increase on these two services alone of well on to $700,000. I submit to the minister that the trade of Canada at the present time does not justify any such increase in the amounts paid to steamship companies. In 1928 our trade with Japan was $32,000,000 export and $12,000,000 import, and no subsidy of $659,000 was paid to carry that trade. True the American government do give subsidies, but they give a less rate per capita or per ton of freight than Canada. This trade would move without any such substantial subsidy.

As to the other items in the estimates, I have very little complaint. I believe they are the ordinary subsidies which have been granted for many years. The subsidies to New Zealand and Australia are quite in line with the volume of business carried; they amount to only $60,000 or $70,000. But these other amounts are very substantial. One of these subsidies is as large as the British government paid for the building of the Mauretania and the Lusitania, the two ships of the Cunard line which gave Great Britain the blue ribbon of the Atlantic, and two of the finest troopships for use in time of emergency. I submit that the minister should reduce these estimates.

Mr. MACKENZIE (Vancouver): How long has this $659,000 item been in the estimates?

Mr. STEVENS: This is the third year.

Mr. MACKENZIE (Vancouver): May I in a word support what has been said by the hon. member for North Bruce and the hon. member for New Westminster. The minister rather suggested, although he was not very definite, that the company which is getting this tremendous subsidy could not compete if it employed none but white seamen. He also suggested, I gather, that international complications might result from excluding from employment on ships in this trade the subjects of other nations across the Pacific. I suggest that that argument does not apply. Especially in a service subsidized by the Canadian government we should insist that at least a substantial majority, say seventy-five per cent, of all ranks on the ships should be Canadian seamen. The minister knows as well as I do that the feeling on the Pacific coast, especially in Vancouver and New Westminster, in regard to this matter is becoming very acute. I suggest that in a time of unemployment and emergency over 3,000 of our Canadian unemployed in these ports, men well qualified for all grades of service, could be given work on these ships. When we are giving such a tremendous subsidy to one company it should be on the condition that at least a substantial majority of those employed should be our own Canadian seamen.

I agree with the hon. member for North Bruce in regard to the major portion of the 84 subsidies; I think they serve a good purpose and help to develop the trade of the Pacific coast, but I am sure the minister himself would like to see our Canadian seamen employed. The day will soon come when we must insist on this or cease paying the subsidy. It would be of tremendous help in solving our unemployment problem; it would remove two or three thousand unemployed from the coast cities of British Columbia, and the same thing might apply on the Atlantic. Now that Canada has assumed all the obligations of nationhood, I do not see why we should not restrict this employment to our own sailors, to the exclusion of others, including those of other countries of the empire. I think our own men are as well qualified as any, possibly not as engineers, but in most grades of service. I think an administration elected on the cry of "Canada first" should carry that policy to its logical conclusion and restrict employment on lines subsidized or controlled by Canada to Canadian seamen.

Mr. DUFF: I was very interested in what the hon. member for North Bruce said in reference to the difference between the amount of trade done from Pacific coast ports to China and Japan this year and last compared with the trade done three or four years ago. He argued that because of the reduction in trade there should not be such a large subsidy paid. I think the reason this large subsidy has to be paid is that there has been such a large decrease in trade.

Mr. MACKENZIE (Vancouver): There is no doubt about that.

Mr. DUFF: It is due entirely to the policies of this government. The foreign trade of this country has decreased more than fifty per cent. In 1929-30 the trade was $2,600,000,000, but due to the policies of this government it has decreased until now it is only something like $800,000,000.

Mr. HACKETT: All the fault of the government!

Mr. DUFF: And the hon. member for Stanstead (Mr. Hackett)! The reason the government is compelled to pay these larger subsidies is that if the subsidies were not increased these steamers could not continue to operate on the small amount of cargo which is now being carried.

I notice that the minister has been rather generous to his own province. Of course he represents a constituency in British Columbia, yet he is Minister of Trade and Commerce for the whole of Canada. I am not going to object at the moment to the fact that a very large part of the several subsidies under the heading of the Pacific coast is paid in order to encourage the export of lumber from British Columbia ports. If the minister in his capacity as Minister of Trade and Commerce thinks it is in the interest of Canada that subsidies should be granted for the carriage of lumber from Pacific coast ports, then I say that as Minister of Trade and Commerce for the whole of Canada he should also have provided that the same treatment be given to the ports on the Atlantic ocean. We on the Atlantic coast are just as much entitled to have ships subsidized and encouragement given as they are in the province of British Columbia. Perhaps after I sit down the minister will give the committee reasons why he has picked out one province and ignored the Atlantic ports, because as far as the lumber industry is concerned that is what he has done; there is no money voted in these estimates to encourage the lumber trade from Atlantic ports.

There is another matter to which I want to refer. I notice that while the minister has been giving these large subsidies to British Columbia, and has voted a new item of $100,000 for one service alone, in respect to the small local services in the maritime provinces, he has not only reduced the amounts previously paid but has cut several of them out altogether. There is a very important service between the city of Saint John, New Brunswick, and the town of Digby, Nova Scotia. It is not only a convenient service to local travellers between those ports, but also to passengers travelling between Montreal and Nova Scotia using the bay of Fundy route. Yet I notice that the minister proposes, in order to provide this $100,000 for the shipping interests in British Columbia, to cut out entirely the subsidy given for the steamship service between Saint John and Digby. On that route there is one of the best steamers running on a coastal route in Canada. I am sure the Minister of Pensions and National Health will agree with me that it is necessary that that important service be kept up, not only for the ports of Saint John and Digby, but in the interests of the maritime provinces generally. I notice there is another service cut out. This is not in my own constituency but in the province of Nova Scotia, so it shows I am not selfish about it at all. The taxpayers and citizens of that province have helped to pay their share of large amounts for the Canadian National railways, for the Canadian National steamships services and other matters. The people of the districts to which I refer have no railway connections; their only connections are by means of the small steamers plying from the city of Halifax to different ports along the Nova Scotia coast. But I notice that this government, which in this case is penny wise and pound foolish, in order to save a little money has discontinued a subsidy for the service between the city of Halifax and the port of LaHave, in the constituency represented by my hon. friend from Queens-Lunenburg. The port of LaHave is some fifteen or tweny miles from a railway station. This steamship called at three or four ports which had no railway connections, and it seems to me that it is not fair to these people, who have paid their share of our railway costs, to cut out this subsidy and cut off their communication with the rest of the province except by sailing schooners. It would cost only a small sum of money to maintain this service, and I believe these people are entitled to some consideration from this government.

Now I am going to get a little more selfish. I notice that there are two services in my constituency, one of which is from the town of Mulgrave, which is a railway centre, to the town of Guysborough, the shire town of the county. I notice that for this service the sum of $10,500 is allotted.

Mr. SANDERSON: It is not enough.

Mr. DUFF: No, it is not; that is what I am coming to. This amount was formerly $14,000. If this service was discontinued these people would have to drive sixty miles to a railway station, but with this reduction the company

which has the contract must use a boat less suitable for the service than otherwise would be the case. So far as I am concerned, if they are necessary in order to help business on the Pacific coast or anywhere else I do not object to these large subsidies, but I say it is just as important that the small services, which perform a very good work in looking after the people who have no railway communication, should be continued. I say it is not fair for the Minister of Trade and Commerce to reduce or eliminate these items, in order to save a few thousand dollars.

On the other hand, Mr. Chairman, I notice that the sum of $33,750 is to be voted for the service between Mulgrave, Arichat and Canso. The minister will tell me, no doubt, that the late government also paid a very substantial sum for this service. That is quite true, but then the service was direct from Mulgrave to Canso, which is not the case now. The boat leaves Mulgrave and goes to Arichat, which is in the constituency of my hon. friend the Minister of Finance; then, after unloading its freight and passengers, it has to go across to Canso, usually arriving there some time after dark. The towns of Canso and Hazel Hill are sufficiently important to have a direct service from Mulgrave to Canso, and the passengers and freight should not have to wait while the boat calls at Arichat. I suggest to the minister—and I think I wrote him in this connection—that the department should arrange to continue the practice followed in the past and have two services, one from Mulgrave to Arichat, and the other direct from Mulgrave to Canso. The boat used on that service is fairly good, but I think it would be much better if the minister would arrange to split this subsidy and have those two services carried on.

Mr. STEVENS: The hon. member has covered a good deal of ground, and with much that he has said of course I am more or less familiar. Certainly I will take into consideration some of his very reasonable and moderately worded requests. I am not prepared to tell my hon. friend now that I will do all that he asks, but certainly I will look into the matter very carefully. As a matter of fact we are making a very close study of these matters and it may be that some adjustments will have to be made. On the other hand, however, with regard to my hon. friend's comparison of the subsidies on the Atlantic with those on the Pacific, we must bear in mind that there are some services being given at government expense. For instance there is a service between the eastern ports, Montreal in the summer, and Halifax and Saint John in the winter, and New Zealand and Australia, both carried on by the Canadian National steamships. While they do not receive a subsidy from this department they receive more or less of a subsidy by way of payment of their losses, under another department. If we check off one against the other we will find that there are only the China and Australian services from the Pacific, while on the Atlantic we have the South African service, the Australian service and the New Zealand service, not given under direct subsidies but carried on by the Canadian National steamships. There are also a number of coastwise services in British Columbia which correspond to the long list of coastwise services on the Atlantic. I merely mention this in passing, because I think there is a fairly good division.

I was rather surprised at the attitude taken by the hon. member for North Bruce. It is true that the value of the trade has fallen, but I should like to give the figures of the ton weights carried by these ships on the Pacific, for instance. From April 1 to December 31, 1931, this service carried 52,900 tons weight and 1,330 tons measurement. During 1932 it carried 69,364 tons weight and 18,373 tons measurement. From these figures it will be observed that the volume of cargo is being well kept up, but of course the value is down. Commodity values are exceedingly low, but the service for which these ships are subsidized is being carried on in a manner most helpful to Canadian trade. I submit to the hon. gentleman—and I am certain that if he had been in my place during the last two or three years he would take the same view—that without subsidies we cannot expect to maintain these mail, passenger and fast freight services, with these splendid liners on the Pacific and on the Atlantic, in competition with the highly subsidized lines of the United States. It cannot be done. I know that last year there was a heavy loss on this service; I know the company was very seriously embarrassed in maintaining the service even with this subsidy.

Mr. MACKENZIE (Vancouver): Which service?

Mr. STEVENS: On both the Atlantic and the Pacific. It would be a calamity to Canada, and I should not like to take the responsibility for bringing it about, if the magnificent service which has been maintained for so long should be dropped at this time. As times improve and travel once more develops, in all probability there will be

no need for the payment of this subvention but at present I believe parliament and the country is justified in assisting to maintain these services.

Mr. NEILL: The hon. member for Antigonish-Guysborough sought to draw a comparison between the Atlantic and the Pacific in regard to subsidies granted. I do not think the subject is one in connection with which a comparison should be drawn, but while the hon. member was talking I added up the subsidies on both the Atlantic and the Pacific. The subsidies paid on the Atlantic amount to about $200,000 more than those paid on the Pacific. As I say, that comparison should not be made. The hon. member gave the impression, unwittingly no doubt, that the greater part of the money paid on the Pacific was concentrated towards helping the lumbering industry. I would point out that out of a total vote of $999,450, only $66,000 goes to subsidize a line devoted to the carrying of lumber. The comparison is made still more unfair when it is remembered that boats running from British Columbia carry not only the products of that province but the manufactured goods from the east and even from the maritime provinces. They carry on a nationwide trade. I would be very sorry to see this first item, which covers service between British Columbia and Australia and/or China, interfered with. This service has been of very substantial value to the lumber interests in the district I represent. I had something to do with the service which was inaugurated under the late government. I accompanied a delegation of lumbermen from British Columbia who interviewed the Minister of Finance. That service was a success under the former government and although changed to include the China trade it has been a success and I believe will be more of a success in the future. I hope no attempt will be made to interfere with this item. Does the minister happen to know the names of the ships operated by the British Canadian Steamships Limited?

Mr. STEVENS: The steamships City of Victoria and City of Vancouver. There are one or two other ships under charter, the steamship Bosworth and the steamship Janeta.

Mr. NEILL: A complaint has been made by the hon. member for New Westminster against Canadian seamen being refused employment upon ships receiving subsides.

Mr. STEVENS: We are looking into that matter.

[Mr. Stevens.]

Mr. NEILL: The hon. member cited a case referring particularly to the steamship Janeta, but in connection with the steamship Bosworth, I should like to read part of a letter received from the Canadian Association of Seamen. I have no way of checking up the statements made in this letter, but I direct it to the attention of the minister. It reads:

> I have further evidence, secured only a few hours ago, on the ss. Bosworth, a vessel chartered by the British Canadian steamship company and subsidized also by the government, that this ship has been trading on the China service for some considerable time but has not once purchased any fuel in Canada. The last time she fueled on her way to British Columbia was at the Japanese port of Mauran, when she took 2,500 tons of bunker coal aboard.

The minister was thoughtful enough to put a clause in the contract, a copy of which I have before me, that this company should use Canadian coal. If this vessel has not been using Canadian coal, it is a breach of the contract.

Mr. STEVENS: I understand that that vessel was chartered only for one voyage. I assume she came in with her bunkers full and did not require any coal. The request for permission to charter this vessel was made because there was a pressure of lumber for export.

Mr. NEILL: Did she make only one trip?

Mr. STEVENS: My information is she was chartered only for the one trip.

Mr. NEILL: This letter states that she has been trading in the China service for some considerable time but has not once purchased any fuel in Canada. I quote this letter for what it is worth.

Mr. STEVENS: My information is that it was chartered for only one trip.

Mr. NEILL: It is stated also that the steamships City of Victoria and City of Vancouver are using oil for fuel.

Mr. STEVENS: My information is that they are using coal.

Mr. NEILL: If that is the information of the department, there is nothing further to say.

Mr. STEVENS: I cannot dogmatically contradict my hon. friend, but that is my information.

Mr. NEILL: You cannot switch from coal to oil in twenty-four hours; if the boats have oil burning machinery, they are using oil. Will the minister look into this?

Mr. STEVENS: Yes.

Mr. LAVERGNE: I wish to couple certain representations of my own with those made by the hon. members for Vancouver Centre and New Westminster. It is absolutely impossible for a Canadian seaman to obtain employment on the Canadian National ships operating on the St. Lawrence river and the Atlantic ocean. Their crews are foreign or at least English, Scotch, Welsh or Irish, and it is absolutely impossible for a Canadian to get employment.

Mr. NEILL: I rise to a point of order; I object to a Scotchman or Englishman being termed a foreigner.

Mr. LAVERGNE: I mean foreign to Canada, not Canadian born. I will try to satisfy the hon. member for Comox-Alberni, but I must say that I am in favour of employing Canadian born.

Mr. MITCHELL: What category would the hon. member put me in as a member of this house—a foreigner?

Mr. LAVERGNE: I hope the hon. member will not ask me to give him a character because that would be beyond my capacity.

Mr. MITCHELL: I think that is a slur on many hon. members of this House of Commons.

Mr. LAVERGNE: The hon. member is entirely mistaken; I was referring to Canadians living in Canada, whether they are of Scotch, Irish, French, Gaelic or Welsh descent. I claim a preference should be given to Canadians who live in Canada and who were born in Canada. If that does not satisfy the hon. gentleman, I am very sorry but that is my policy.

Mr. MITCHELL: That is all very well, but the attitude is taken by the deputy speaker of this house that British citizens should be denied the right to earn a living. That is an impossible situation.

Mr. STEVENS: Do not worry; we are doing pretty well.

Mr. LAVERGNE: I might say to the hon. member that he is still at sea. I am talking of Canadians living in Canada, citizens of Canada. I claim that preference should be given to Canadians in making up the crews of the ships of the Canadian National steamship company. In order to qualify as a pilot a man has to put in so many thousands of miles upon the sea. There are many young men who are trying to qualify for these positions who cannot obtain employment on Canadian National steamships. That company goes to Newfoundland, to England, to Scotland and to Ireland to obtain their crews. That is not a Canada first policy, and as far as I am concerned I protest against it.

Mr. DUFF: I am sorry the hon. member for Comox-Alberni misunderstood my previous remarks. I made no comparison between the subsidies paid to steamers plying from Pacific ports and those plying from Atlantic ports.

Mr. NEILL: I accept the hon. gentleman's apology.

Mr. DUFF: The hon. member also left the impression that I objected to the payment of these subsidies. I do not object to the payment of subsidies to steamers plying from British Columbia ports. What I said was that this government and the Minister of Trade and Commerce are asking parliament to vote large sums of money to help the shippers of lumber from British Columbia ports, and I asked the same consideration for the shippers of lumber from Atlantic ports. I asked the Minister of Trade and Commerce to give the same treatment to the lumbermen on the Atlantic coast that he gives to those in British Columbia. I am sure the Minister of Finance and also the Minister of National Health will agree with what I am saying.

The Minister of Trade and Commerce said that I had covered a great deal of ground. That may be true. The trouble I find with the Minister of Trade and Commerce is that he did not cover as much ground as I did; he stuck to British Columbia and I am trying to treat all parts of the country alike. He replies that he considers he is justified in asking parliament to vote these large subsidies for carrying lumber from British Columbia ports, because certain steamers belonging to the Canadian National steamships leave Montreal with cargo for New Zealand and Australia; that those steamers are operating at a deficit to the country and we are paying that deficit. He considered that the one would offset the other. If he will inquire into the matter of the ships operating between Montreal and New Zealand and Australia, he will find that very little lumber is carried; that they are cargo boats, carrying all kinds of freight. Consequently it is not fair to compare those boats with the tramp steamers which are carrying lumber out of British Columbia ports.

As regards the service between Mulgrave and Canso, the minister said that he would look into the matter. I might say that I took

this matter up with him six months or more ago, and it is time now that he change the present service and put on two boats, one to the constituency of the Minister of Finance and one to mine, instead of having one boat cover the two services. I want to say to the Minister of Finance and the Minister of Trade and Commerce that it is not fair to the people in Arichat and Petite de Grat, Canso, Hazel Hill, that one steamer should be subsidized to perform this service. In the old days there were two boats which left Mulgrave, one going to Arichat in the county of Richmond and the other to Canso, with the result that mails and passengers were carried much more quickly. The minister should decide now to make this change. I understand that the present contract either expired a few days ago or is expiring in a few days, and consequently, in the interest of the Minister of Finance and myself, I should like the Minister of Trade and Commerce to arrange for two boats instead of one to cover those services.

Mr. STEVENS: We amalgamated those services last year and it has worked very satisfactorily. We have had no complaints whatever, except one letter received from my hon. friend. I will promise to review the situation with care, but I could not say now, in the light of our present information, that it would be wise to change the existing arrangement, which we think is an improvement on the two services. My hon. friend knows the situation so intimately and speaks with such earnestness that I shall certainly look into the matter as he has suggested. I cannot, however, at the moment give him any assurance.

Mr. DUFF: Then, when I object so strongly to this service the minister should not say that it is satisfactory. This service is most unsatisfactory. There was never any reason why the two services should have been combined. There was a good service with two boats, one going directly from Mulgrave to Arichat and Petite de Grat in the constituency of the Minister of Finance and the other going directly from Mulgrave to Canso. Those services were quite satisfactory, and when the minister now says that there has been no complaint, he does not know as much about the matter as I do.

Mr. STEVENS: I agree that my hon. friend knows more about the service than I do.

Mr. DUFF: Then why does he say that it is satisfactory?

[Mr. Duff.]

Mr. STEVENS: My hon. friend is mistaken; I said that we had received no complaints whatever except the one letter I got from my hon. friend.

Mr. DUFF: Who would make the complaints except myself? I am the member for the constituency of Antigonish-Guysborough. The board of trade of Canso and the people in that section have written me perhaps hundreds of letters in regard to that service and of course, as is my duty, I pass the information on to the Minister of Trade and Commerce. When the minister says that the service is satisfactory, I say that it is not, and in the interest of that important part of the country he should immediately cancel that contract and call for new tenders for the service. I do not care what the minister does so far as the constituency of the Minister of Finance is concerned; if the latter is satisfied, all right, but the boat leaving Mulgrave should go directly to Canso instead of to Petite de Grat.

Mr. LAVERGNE: I do not know why the hon. member is complaining so much. He at least has received an answer; I have been ignored altogether. I should like to know whether it is the policy of the government not to employ Canadians on Canadian National steamships.

Mr. STEVENS: If I might make the suggestion to my hon. friend, that is out of order.

Mr. LAVERGNE: No.

Mr. STEVENS: My hon. friend will, I am sure, appreciate this point. The question he is discussing comes under the estimates of my colleague and deskmate, the Minister of Railways.

Mr. LAVERGNE: If I am out of order, I will accept a ruling of the chair to that effect; but the hon. member for New Westminster has been discussing the employment on these ships of Chinese, Japanese and other orientals.

Mr. MACKENZIE (Vancouver): And under these estimates.

Mr. LAVERGNE: So that I am in order to discuss the matter in connection with a ship subsidized by the Canadian government to go to the West Indies.

Mr. STEVENS: That is not in this vote at all.

Mr. LAVERGNE: Well, I shall seek a better opportunity.

Mr. STEVENS: The hon. member had better rule himself out of order.

Mr. LAVERGNE: I shall rule myself out of order, accept the ruling not of the chair, but of the committee, and give the committee an opportunity to reflect upon what I have said. What about companies which trade on the north shore of the St. Lawrence and for which items appear in this estimate? Have tenders been asked for from those companies?

Mr. STEVENS: Most of those contracts are long-term ones entered into some six, seven or eight years ago. I think they expire in 1935—ten year contracts.

Mr. LAVERGNE: None has been renewed this year?

Mr. STEVENS: No.

Mr. LAVERGNE: None with the Clarke Steamship Company?

Mr. STEVENS: No.

Mr. DUFF: They can be cancelled.

Mr. STEVENS: They can be cancelled only for cause.

Mr. DUFF: Quite right.

Mr. STEVENS: Or by parliament refusing to vote supply.

Mr. DUFF: But the government have cancelled some.

Mr. STEVENS: Not these that were current for ten years. Most of them are one-year contracts and they expire from year to year. The ones about which the hon. member asks are ten year contracts.

Mr. LAVERGNE: If they are ten year contracts, I suppose they cannot be cancelled except for cause, but there is plenty of cause because there has been no greater exploitation of the settlers on the north shore than by the Clarke Steamship Company. That is a well known fact. No one can accuse this government of not granting favours to Liberals, because when they are entering into contracts with that company, they are helping no friends of theirs, and they know that or should know it.

Mr. YOUNG: I have before me the estimates for 1930 and I notice under this item of Pacific ocean services, the subsidies that year totalled $226,000. Now they are over $900,000. In the four years they have been multiplied by four. What is the reason for this increase? Has the trade increased in proportion?

Mr. STEVENS: We have spent about two hours and a half largely on that point. I am sorry my hon. friend has not been in his seat.

Mr. YOUNG: If it has been explained, never mind.

Mr. STEVENS: It has, I think, been fully exhausted.

Mr. MacINNIS: I should like to say a few words in regard to the position taken by the hon. members for Vancouver Centre and New Westminster with regard to subsidies on ships on the Pacific coast. I am not so much concerned whether Canadians or foreigners are employed, but I am concerned as to the conditions under which they have to work. I believe, if the government would do in this respect as they do in others where they give assistance or where government grants are made, that is, lay down certain rules and regulations as regards conditions of work and wages paid, the problem of the nationality of the sailors or others engaged on those ships would be solved. I am quite sure that when the Canadian Pacific or any other company employ orientals instead of Canadian or British seamen they do so because they find it is cheaper. The number of orientals engaged on these boats is exceedinyly large, aggregating on the four Empress boats some two thousand orientals I believe, as against some 260 white men. This is quite a large subsidy, and I believe the government should carry out in this matter what has been its policy in respect to other grants in aid, namely lay down rules and regulations as to the conditions of employment and the wages paid. If they did so I am convinced that the wishes of the hon. member for Montmagny and others concerned as to the nationality of these seamen would be met. I would ask the minister if he will take this into consideration. Otherwise I think the committee should seriously consider before passing an item of this kind.

Mr. STEVENS: I will examine into the whole matter.

Item agreed to.

Marine—Lighthouse and Coast Service—construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $1,860,000.

Mr. REID: On this item I would like to say a few words regarding lighting conditions on the Fraser river. Last year when I brought this matter up the minister was kind enough to say that consideration would be taken of my observations, and later on instructions were issued by his department for the conducting of an investigation into the lighting on the Fraser river. I must thank the minister for having caused that investigation to be made last year. I think he will agree with me that

the remarks which I made last year as to what was wrong with the lighting on the Fraser river have been proved to be substantially correct by the report which has been made to the minister. I shall deal later with that report. What I rise to complain of now is that the letter which I received from the Acting Minister of Marine would indicate that no action is to be taken on that report, although the report stated that the lighting on the Fraser river was inadequate and very much out of date. The letter which was sent to me by the Acting Minister of Marine in answer to mine is dated September 8, 1932, and reads as follows:

> I beg to refer to letter addressed to you on the 19th May last by Mr. Duranleau, in reply to your letter of the 17th, in the matter of aids to navigation on the Fraser river.
>
> As no doubt you are aware, the matter has been the subject of conferences between the New Westminster harbour commissioners, the Fraser river pilots, representatives of this department and the Department of Public Works, and certain other individuals interested in shipping there.
>
> Recommendations have been submitted involving an expenditure of over $60,000 for certain changes and additional aids to navigation which would involve an annual expenditure of over $5,000 to maintain them. It seems that any part of the whole scheme would be of little or no value, and, according to the pilots, even if the recommendations put forward should be carried into effect deep draught vessels could not be navigated by night owing to the restricted width and acute turns in the channel from buoy No. 26 to No. 16. The pilots do say that additional aids to navigation would be of assistance to vessels of light draught navigating at night.
>
> While present financial conditions will not permit of taking any action in this matter the report will be useful when further consideration is being given to it.

I would point out to the minister and the committee that from the point at which a vessel leaves the gulf to come up the Fraser river there are fourteen different courses or changes in course covering a distance of some fifteen miles. I claim that the report which was made by the representative of the department in charge in Victoria, Colonel Wilby, should be noted seriously by the minister. I wish to complain particularly of some of the paragraphs in that report.

But first I would point out to the minister that the port of New Westminster is one of the few ports in Canada where shipping has increased during the present economic distress. I believe that in the amount of shiping it is the second highest port in British Columbia. In the month of October last at least 37 ships called there, and the wharfage accommodation was taxed. During September, 32 deep sea ships called at that port. It was expected that October last would prove a record month both in the number of vessels and in tonnage, and that by the end of the year the tonnage for the twelve months period would run to approximately 500,000 tons.

The diversity of export shipments may be seen in the cargoes that are being loaded in the harbour to-day. I am quoting from the shipping record appearing in one of our papers:

> M.S. Hikawa Maru is taking on 1,000 tons of lead for Japan; ss. Golden Court 1,200,000 feet of lumber for Australia; ss. Benclouch 1,000 tons of wheat and 1,000,000 feet of lumber for the United Kingdom, and ss. City of Victoria is loading 1,500,000 feet of lumber for Shanghai. Two ships, ss. Turaneentes and Viking Star are loading large consignments of apples for the United Kingdom.
>
> Four Hundred Steady Jobs
>
> During September and this month approximately 400 longshoremen have been given fairly steady employment and on several occasions crews had to be called from Vancouver.

I have quoted that to indicate to the minister that the port has reached remarkable proportions. On February 16 of this year fifteen deep sea ships arrived at New Westminster, and the report of the harbour commissioners shows:

> For three months since January 1 this year (1933) 86 ships of 500,000 gross tonnage came into port compared with 82 ships of 455,000 gross tonnage for the same period in 1932. Cargo exported amounted to 110,000 tons, a slight increase over last year.

It is also reported that a feature of shipping for the month of April will be a heavy export of fertilizer from the big plant of the Consolidated Mining and Smelting Company, Limited, at Trail. The S.S. Mala of the Matson Line was booked to take 3,100 tons of fertilizer on April 3, and S.S. Mana of the same line, 2,500 tons on April 17. So the minister will see that the business of the port is greatly increasing in volume, and as I said before it is one of the few ports in Canada where in the last few years there has been an increase in tonnage and shipping, during which most of our ports have experienced a falling off in trade.

A comprehensive report was made by Colonel Wilby, of Victoria, upon the lighting requirements on the Fraser river. That report fully substantiated the representations I made to the minister in the house last year. I think that certain statements that are made in Colonel Wilby's report had a bearing on the letter which was sent to me in September last by the Acting Minister of Marine, in which he stated that the department could not see its way clear to improving the light-

ing at the present time. I claim that the situation is a very serious one. This report is in the hands of the department, and it might be used as a reason why navigation lights will not be installed on the Fraser river. Colonel Wilby states in the report that either the present pilots are not qualified to say what is required by way of aids for safe navigation on the Fraser river during hours of darkness, or if they are qualified it would be only a waste of money to grant the present request in any modified form whatsoever. If for any reason this or that aid asked for were not installed the pilots will still be able to say that they are unable safely to navigate vessels on the river at night.

At a meeting which was held at New Westminster, which Colonel Wilby, the board of trade, the harbour commissioners, the council and myself attended, it was pointed out by Colonel Wilby that until such time as 9,000 feet of dredging had been done the ships could not come up during the night. May I point out to the minister the fact that the tides vary. In the winter the high tides are during the day, and in the summer they are at night. Ships must therefore navigate during the night time if they are to take advantage of the high tide period. So the statement that ships have to come up in the day time is not correct by any manner of means. Last year I pointed out to the house that quite a number of ships were turned away on account of inadequate lighting.

In another report Colonel Wilby repeats that statement, because I find he states:

> In conclusion I would ask for your attention to the statement on page 7 of my report of June 10, 1932, namely, that it will be a waste of money to grant the present request in any modified form whatsoever, as if for any reason this or that aid asked for is not installed the pilots will still be able to say they are unable to safely navigate vessels in the Fraser river at night for want of adequate aids to navigation and also to the points raised in the first two paragraphs on page 4 of the same report.

In all seriousness I take exception to Colonel Wilby making such damning statements and reiterating them in further communications, because they are not correct. He states that the pilots are bucking the idea of having lights installed because if lights are installed—so Colonel Wilby states—they will find some excuse for not bringing up their ships at night.

The minister has no doubt received communications from the council and board of trade stating that if lights were installed 80 per cent of the shipping could use the river twenty-four hours of the day. But, 20 per cent of the shipping could not use the river until a certain portion of the river had been dredged. Only a few moments ago I said that that percentage of shipping could only use the river when the tides are right. In the summer time the tides are at night, and for that reason all shipping would have to go up the river at night. I believe the following letter from the city council and board of trade fully explains the situation:

> An application has been submitted to your department for improving existing range lights and for additional lights on the Fraser river. It was brought out at the meeting of the New Westminster board of trade that 80 per cent of Fraser river shipping would be benefitted and enabled to navigate at night by the installation of lights applied. This opinion is approved by the Fraser river pilots, and when the channel is straightened from King Edward cut buoy to a point opposite Scottish Canadian cannery as recommended by district engineer of the Department of Public Works 100 per cent benefit would result. It was represented by shippers that considerable loss of business, some of which has been diverted to United States ports, and delay to ships has resulted through lack of these aids to navigation. The New Westminster board of trade strongly and respectfully endorse applications and improvements and additions to Fraser River lights also the recommendation of the district engineer, Department of Public Works, in connection with channel improvements.

I am appealing to the minister. There is no reason why this program of navigation lights should not be proceeded with. Even if the government is cutting down expenditures, and cannot see its way clear to spend the whole of $60,000 in one year, certainly something considerable should be spent each year, and the expenditures should not be spread over too long a period. The port of New Westminster is growing, and anything in the way of insufficient aids to navigation will certainly have a serious effect on its future growth. The board of trade also take exception to the present conditions. Then, the secretary of the New Westminster harbour commissioners write as follows on October 14, 1932:

> Replying, I would state that you are correct in assuming that when it is stated that 80 per cent of shipping would be benefitted at the present time if these aids were installed, the remaining 20 per cent would be deep draught vessels, which could not, with safety, be navigated after dark, owing to the acute turn and narrowness of that stretch of the channel from the King Edward cut buoy to a point opposite the Scottish Canadian cannery—some 9,000 feet—which it is proposed to have straightened by dredging. This does not mean however that these deep draught vessels would not also derive some benefit at once, as with the exception of this one stretch of channel, the rest of the channel would be navigable by them at night. For instance, a vessel entering the river in the late afternoon might conceivably be able to pass through this stretch

before dark, and be able to proceed the rest of the way after dark. Going out she could leave before daylight so as to reach this stretch of channel by daylight. A saving of about two hours time could thus be made.

I should be happy if the minister would take this matter into consideration. Is it his intention to do anything this year in regard to those lights, and if so what? The lights need the repairs Colonel Wilby said they needed, because his report deals with the matter exhaustively; every light was considered. It is just as important that the port of New Westminster have these navigation aids asked for in the report as it is for any other port on the Pacific or Atlantic. Shipping is growing from that port, especially deep sea shipping. As I have said, ships can go up only at night during the summer months, because the tides come at night time during that period. I am asking the minister what he will do this year, and what we may expect by way of help so as to facilitate shipping.

Hon. ALFRED DURANLEAU (Minister of Marine): I have been deeply interested in the observations of the hon. member concerning the harbour of New Westminster. My department is well posted on the progress which has been made at that port. As a matter of fact we consider today that the port of New Westminster is a very important fresh water harbour, and we are prepared to do all we can in order to help it. As a matter of fact in the amount for which we are asking this year the sum of $10,000 is set aside for that very purpose, namely, to improve the lights on the Fraser river. I cannot say more at the moment. We have planned to send this year two or three of the best experts from my department on the west coast to meet the shipping interests of New Westminster harbour and see what can be done to improve the aids to navigation in that river. The works to be done this year under the $10,000 vote are only preliminary works, and they will be continued next year if the finances of the country permit.

Mr. REID: I appreciate very much what the minister has said, and I am sure it will be appreciated by all interested parties. I hope however the minister will see his way to increase the amount, because if only $10,000 is spent, although that may seem quite an amount at present, it would take six years to carry out the recommendations made regarding the lights. I hope the minister will keep the port of New Westminster in mind, because I believe it is as important a port as there is in Canada.

[Mr. Reid.]

Mr. HANSON (Skeena): I would like to call the attention of the minister to a matter which has been brought to his attention by boards of trade and shipping interests in regard to the harbour of Prince Rupert. It was surveyed a few years ago by representatives of Lloyds, and it was found that in order that it should enjoy equal insurance and freight rates it was necessary to have two lights, one at Bonilla island, and a small light at a place called Butterworth Rocks. It was taken up with the department and I think looked into, but nothing has been done so far. I wonder if, now that the minister is sending experts to look into the situation at New Westminster and other places, he would have them at the same time see what could be done in regard to those two lights. I know the minister has full particulars before him and I would be glad if he could give me some information.

Mr. DURANLEAU: I am not in a position to give a definite statement at the present time, but I will give this matter immediate consideration.

Mr. DONNELLY: I notice this vote has to do with the construction, maintenance and supervision of aids to navigation. In view of the fact that last year a boat loaded with wheat went down in Hudson strait I would like to ask the minister what the government has done during the past year in the way of building lighthouses and aids to navigation for boats going into and out of Hudson bay.

Mr. DURANLEAU: During the 1932 season of navigation the department installed six lights in Hudson strait, and we intend this year to build a direction-finding station at Chesterfield inlet, and probably instal more lights, according to the need.

Mr. NEILL: Might I congratulate you, Mr. Chairman (Mr. Fraser, Cariboo), on your promotion to your present office? As a British Columbian I know you are well qualified to adorn it even if the appointment were made permanent.

I would like to suggest to the minister, when I see $10,000 being thrown around here and there—

Mr. REID: It is not being thrown around.

Mr. NEILL: Well, in the past year or two I have been very modest, as I always am, in my demands for lights on the west coast, knowing the financial condition of the country. But I would remind the minister that there is a hymn that says "Let us also come." If this vote is going to be continued at its

present size we shall want to see some of the necessary improvements on the west coast supplied. I may also mention for the benefit of my hon. friend from New Westminster that the port of Port Alberni is running New Westminster very close for second place in lumber exports from British Columbia. Then I would ask—not by way of criticism, because I know the department has it in hand, but only for information—whether they carried out the details of lighting Courtenay river, which they had in hand at one time? The cost would be very slight.

Mr. DURANLEAU: I understand the department is trying to arrange for the installation of an electric range light, the maintenance of which would cost about $180 a year. I think this will be sufficient for the time being.

Mr. NEILL: It has not been settled yet?

Mr. DURANLEAU: No, but we are arranging for that.

Item agreed to.

Salaries and disbursements of fishery officers and guardians, fisheries patrol and fisheries protection services, $1,022,000.

Mr. REID: When this item was called the other day I was speaking to it when six o'clock was called. I was referring to the oriental problem. I would point out that it is really getting very serious, especially with the fishermen on the Fraser river. The Japanese are practically getting control there. Last spring, although the cannery men had certain boats of their own operating on the Fraser river, the Japanese told the cannery men just how many fish they would get each morning and also dictated the terms to them. I have that on the best authority, that of two cannery men on the Fraser river. My own observation is that the issuing of licences to Japanese is practically allowing the Japanese to build up a part of Japan on the Canadian Pacific coast. It is a well known fact that many of the Japanese who obtained fishing licences were naval officers and were here acquiring knowledge of the British Columbia coast before going back to their country with the knowledge thus acquired. That is generally recognized and well known. They were spying, really, and I am not afraid to say so. Another point, Mr. Chairman, is that when licences are issued to white fishermen they cannot swap them around, so to speak, as the Japanese do, because the Japanese are not so easily recognized as are the white men. Last year I complained to the department in Vancouver that the Japanese boats fished during the whole twenty-four hours; there are two and sometimes three different crews on each boat. If that were attempted by the white fishermen they would be jacked up and a charge laid against them or the licence cancelled, but the Japanese can carry on that practice. They have one licence to a boat, but they simply pass the licence from one to another and once the boats get out they stay out, while other boats come around and collect the fish. I went into this matter rather exhaustively the other day, but since I had no reply from the minister I rose on this occasion to ask if he would take this matter into very serious consideration. The New Westminster Fishermen's Protective Association went on record unanimously in this regard; I attended a meeting where about one hundred fishermen took a standing vote asking that the licences to Japanese be reduced. They realize how serious this question is becoming, especially on the Fraser river where so many Japanese are operating, and where in large measure they are obtaining control of the industry. Last year when orders were received from Japan for salted and smoked fish, which were plentiful at the time, no orders were given the white fishermen; they were all spread around among their own nationals. I should like to ask the minister if he will give this matter serious consideration with a view of curtailing the number of these licences by at least ten per cent each year. This was proposed a few years ago, but it was discontinued because the courts at that time declared that we had no power to do so. Since then, however, the statute of Westminster has been passed and I believe we have now all the power necessary to prohibit anyone we may desire from securing a licence.

Mr. DURANLEAU: We shall be very glad to look into the matter, Mr. Chairman. I know the reduction of licences to Japanese was suspended for two or three years because the matter was before the courts, but if we have a free hand now we will see that the number of licences is reduced. As to the use of forged naturalization papers, my hon. friend is well aware that my department has done everything possible to stop that practice by having inspectors follow the operations of these fishermen and prosecute everyone caught using false papers. As a matter of fact I am told that this practice has ceased.

Mr. REID: Not entirely.

Mr. STEVENS: Practically.

Mr. DURANLEAU: I shall be glad to have my officials on the western coast have an eye on what is going on there, and we will prosecute everyone who is found to be breaking the law.

Mr. REID: There is another serious matter with regard to fish; I refer to the embargo on sockeye salmon, which prohibits fishermen from exporting the raw fish. This embargo was put on at the instigation of the canners, who complained that if the British Columbia fishermen were allowed to sell their fish in the best market it might curtail the activities of the canners. That was the argument advanced by the canneries association to the minister and his deputy in favour of this embargo. I do not know of any other branch of industry that is prohibited from selling its products in the best market available. Up to last year the United States fishermen were receiving from 15 cents to 35 cents more for each salmon than was being paid in British Columbia. Last year, however, the prices across the line dropped for some reason, and what did the canners do? They immediately forsook the white fishermen and went across the line to purchase salmon; at one time they brought in 27,000 sockeye salmon from Puget sound. It was all very well for the canners to say, "We will not allow you fishermen to sell across the line," but when it suited them they practically told the fishermen to do whatever they liked with their fish because they could buy salmon across the line for less. The British Columbia Packers, Limited, the Canadian Fishing Company, Limited, the Colonial Packers, Limited and two other firms, I understand, went across the line to purchase large quantities of salmon because they could get them for a little less. In view of this I appeal to the minister to have the embargo lifted entirely in order to allow the fishermen to sell their fish wherever they like. Can you imagine the situation that would be created if a farmer who had wheat or potatoes to sell should be told that he could not sell those products in the best market? A fisherman buys a boat and a net, but when he brings in the fish he is told that he cannot take sockeye salmon out of the country. He cannot ship it fresh, although as I say in past years the fishermen across the line received from 15 cents to 35 cents per fish more than the Canadian fishermen received. In view of the fact that the canners broke their own bargain, so to speak, and last year purchased large quantities of salmon in the United States, I ask the minister to lift this embargo.

[Mr. Stevens.]

Mr. DURANLEAU: Now that my hon. friend has brought this matter to my attention it will be seriously considered.

Mr. NEILL: For a few moments I should like to bring up a matter that was discussed at some length previously; I refer to order in council 206, but to-night I will approach this question from another angle. With all due respect to the legal ability of the minister and his associates I submit that this order in council is ultra vires; there is no question about it. It is rotten with regard to the question of fairness and equity, and apparently it is equally rotten in law. Section 92 of the British North America Act sets out the jurisdiction of the dominion and provincial governments respectively, and subsection 13 states that all matters pertaining to property and civil rights shall come within the exclusive jurisdiction of the provinces. Of course there is a way in which that can be evaded in a sense; I think it was done by the former Minister of Agriculture, under somewhat similar circumstances, with regard to the grading of eggs. He got the provincial governments to pass what is called concurrent legislation. The minister got the government of British Columbia to do something similar in connection with these regulations, and on April 13 of last year they passed chapter IV of the statutes of British Columbia, 1932, which was a bill containing three sections. Section 1 made valid any act or regulations made thereunder passed by the Dominion government before that date. The original inspection regulations were passed on April 4 of last year, I think, so they just came within the scope of that section. Section 2, however, sets out what is to happen in future, that is, as from April 13, 1932; it states very plainly and simply—I need not read the section—that any other regulations passed by the Dominion government will not be valid in British Columbia unless proclaimed by the lieutenant-governor in council. This order in council 206, bad cess to it, has not been so proclaimed, and the chances are a thousand to one against its being proclaimed, because the British Columbia legislature unanimously passed a resolution emphatically objecting to it, so I very much doubt if the government would have the courage—or perhaps the gall—to proclaim it now. That being the case, where does this government get authority to come into British Columbia and interfere with the property and civil rights of the people of that province? If I catch fish, I must do it under dominion

jurisdiction because they have control over the fisheries, but under the decision of the privy council made several years ago, once the fish were caught they come under the jurisdiction of the province. We amended the fisheries act last year in order to have it accord with those views. Once the fish are caught, they come under the jurisdiction of the province and the dominion can exercise no control. But they now come along and say that they are going to have control. I know the argument that will be used; it will be said that the dominion has control as far as exports are concerned. There is no doubt the dominion can make regulations to deal with the packaging, the marketing or branding of anything to be exported, but I do not think the dominion should attempt to go beyond that and wrest jurisdiction away from a province. Subsection 26a of the original inspection regulation states that "all salmon shall be inspected." It is not salmon that is to be exported, or this or that, but all salmon. That is amplified in subsequent subsections which state where it shall be inspected. When a shipment of canned salmon is destined outside of Canada, it must be inspected at a certain place, and if it is destined inside of Canada, it must be inspected at another place. I ask the committee to note the words "inside of Canada." The argument of interprovincial trade cannot be used, because that clause would cover salmon to be shipped from one part of the province to another. That is provincial trade and I claim that any dominion legislation which attempts to interfere with such trade is ultra vires.

It may be said: We will exercise our jurisdiction as far as we can on export stuff and leave out the provincial trade. Ordinary regulations to cover branding, packing and so forth would be reasonable enough, but this order in council 206 begins to operate before the fish are caught, or at least immediately after. It states that the fish must be landed at the cannery wharf within twenty-four hours after being caught. Let me give a definite illustration. Suppose I catch some salmon according to the laws of British Columbia. I go ahead and can them and ignore order in council 206. I claim I am operating in British Columbia and I have nothing to do with that order in council. Having got my salmon canned, a situation arises where I find it desirable to export them. What can I do with them? I cannot do anything with them; I cannot sell them in British Columbia and I cannot export them. I would have to go back and take them out of the cans and deliver them at the wharf twenty-four hours after being caught. That is not a condition subsequent to inspection or subsequent to the determination to export, it is a condition antecedent. Whether or not I am going to export my salmon, even though I intend to sell them within the province, I will be compelled to can the salmon in accordance with this order in council. That would be depriving me of my right to carry on my business according to the laws of British Columbia, and it would be depriving the province of its jurisdiction. It might be said: You could sell your salmon to a broker. But no broker would have anything to do with them because he would not be able to export them if needed. I am advised by able lawyers that this is ultra vires. If the government attempts to enforce it it will be laying itself open to litigation.

There is another point I intend to bring up, but before I do so I should like the minister to make a reply. I have no doubt this matter has been engaging the attention of his officials.

Mr. DURANLEAU: I have listened with much interest to the argument of my hon. friend as to the legality of order in council 206. Let me say to him, however, that no action was taken without first submitting the whole thing to the Department of Justice. As a matter of fact, the order in council was drafted by the officials of that department. I would not think of having such an order in council prepared without the advice of the Department of Justice. My hon. friend may be quite correct in his statement of the law, but my duty is to rely upon the advice of the Department of Justice.

As far as the question of the proclamation of the regulation by the provincial authorities is concerned, I may say that a request was sent some time ago to the provincial government asking that this be done. I cannot say that it has been done up to date. My hon. friend says that it will not be done because the legislature has unanimously repudiated the regulation. As yet we have had no report from the Premier of British Columbia but I hope that if the department insists upon this regulation being put into force, the provincial authorities will issue the necessary proclamation. If they do not do so, it will apply to goods to be exported.

Mr. NEILL: The minister says that the order in council was drawn by the Department of Justice. I have no doubt that they were cognizant of the British Columbia legislation and that they naturally assumed that a proclamation would be issued in the ordinary course of events. However, the fact is that

there is now every possibility of its not being proclaimed. The question then arises whether this government has the right under this excuse—it is nothing more than an excuse—of helping the export trade to compel that the same method be adopted with fish to be sold within the province. The minister says that he hopes the provincial government will proclaim the regulation, but I most sincerely hope that they will not. I doubt very much if it would be legal to do it. Surely the whole legislature is superior to the cabinet, and that legislature passed the resolution which I read the other night stating that they emphatically protested against the resolution. I cannot conceive of any government with a sense of its responsibility acting in defiance of the unanimous wish of the legislature. However, some weird things have been done by the present government of British Columbia and it is just possible that they will take that action.

If they do not proclaim the regulation, I think the government would be well advised to drop the whole matter. I am sure it will prove utterly unworkable and will offer every opportunity for litigation. The government has no right to insist that all canned salmon must be inpected without having concurrent provincial legislation. If they had said, "all canned salmon destined for export," it would have been a different thing, but we are dealing with the regulation as it now stands. It is so easy to start litigation and so difficult to end it, with all the cost that is involved. Why not ask for a reference to the supreme court and get a ruling on the matter before the government upsets the whole industry and gets into serious trouble through litigation?

There is another objection I should like to point out. The minister says that the Department of Justice drew up this order in council. Well, perhaps a lawyer did so, but I do not think it was somebody familiar with the fishing industry of British Columbia. It will be noticed that the order in council was passed on February 3. There are two objections to it. The first is that the government passed it on February 3, and although this is almost the end of April, the government has not yet put into effect the method by which it may be ascertained whether those fish were caught within twenty-four hours before being canned. The minister says that somebody is to take an oath. But that is not specified by the order in council and it is not in effect until this is done. This half-baked order in council had been put into force and it will be necessary to pass another order in council to make it effective. This order in council was passed on February 3 and I suppose anyone will agree that it took effect when it was passed. Consequently on February 3, the law was that all canned salmon thereafter examined that are found by the board of inspection to be so-and-so shall get a certificate, but provided that no such certificate shall be issued for canned salmon that had not been landed fresh at a cannery for canning twenty-four hours after being caught. That is in force now; that is the law. If to-morrow I take 10,000 cases to be inspected, I have to prove that last June or July the salmon were landed on a wharf twenty-four hours after being caught. This order in council came into effect on February 3, 1933. Canning begins some time in June and lasts until about the end of October, and I think I am safe in saying that not half of the canners can get their fish inspected by February 3. The matter of course depends upon the season. A year or two ago—and the deputy minister can corroborate me—in the month of June, right at the beginning of the next season there were 450,000 cases of one variety of salmon on hand. We have evidence of that. That might have been an exceptional pack, but that was only one variety. I have, however, no hesitation in saying that on February 3 the larger portion of the salman pack of 1932 was on hand and had not been inspected. Therefore it was subject to P.C. 206. The minister shakes his head. He will prove to me that I am a case and a half out. Well, I will say that a great portion of the pack was not inspected, P.C. 206 is now in effect and it will be illegal to inspect that salmon unless somebody has taken an oath that they were landed at the wharf last August or September within twenty-four hours after being caught. See how absurd this is! Talk of being advised by the Justice department! That may have been so, but the advice was not according to common sense, because it is not common sense to say in February: you must, not on fish canned hereafter, but on fish inspected hereafter, produce a certificate in regard to something that happened six months previously. That cannot be done. What are you going to do—to break the law or ignore it? Admit the whole thing is a joke and drop it? Are you going to refuse perhaps 10,000, 50,000 or 100,000 cases a certificate altogether because this is the law? The law says that an inspector shall not give a certificate unless the fish have been landed within twenty-four hours

after having been caught. This provision was not even dreamed of in January and the fish were packed long before that. I should like the minister to explain how he gets around that situation?

Mr. DURANLEAU: I think my hon. friend is not very well posted on the inspection which was practically completed before the regulation came into force. The catch last year totalled 1,081,031 cases and the inspection has been completed of 1,072,984 cases. That means that almost everything has been inspected up to date.

Mr. NEILL: Up to what date?

Mr. DURANLEAU: That was on April 24.

Mr. NEILL: Yes, but what happened between February 3 and April 24?

Mr. DURANLEAU: They were inspected according to law.

Mr. NEILL: They were inspected not according to law.

Mr. DURANLEAU: The pack was all in the warehouse.

Mr. NEILL: If they were inspected after February 3, the packers would have to produce this certificate and they could not do so. The law has been flagrantly broken, and quite properly so, because it is no good and should not be in existence.

Mr. DURANLEAU: The hon. member knows quite well that the regulation has no retroactive effect.

Mr. NEILL: The order in council was passed on February 3 and on that date the pack was not inspected in full. What was done about that?

Mr. DURANLEAU: The regulation was not intended to apply to the catch of last year.

Mr. NEILL: Why did it not say so, then? This regulation, involving the whole genius of the Justice department and the Fisheries department, was rushed through in a week and there was not time to consider it properly. It is a blot on the record of the Fisheries department.

Mr. MacDONALD (Cape Breton South): This item affords an opportunity for a few general observations on this question of fisheries. We have so far heard a great deal from British Columbia and it might be in order if we gave our attention for a short time to the Atlantic coast fisheries. No other natural resource is capable of greater development than the Atlantic coast fisheries, and it is about time the government took active measures to develop it. We now find, in going over the Atlantic coast, scenes of pitiful destitution among the fishermen. During the last forty or fifty years the fishing population of Nova Scotia has declined almost one-half, and the one-half that is left is living in the direst poverty. The causes of this condition are many. Many people wish to make the steam trawler responsible for the situation and to ascribe to its use all the ills that now affect the fishing population there. On that question I have a perfectly open mind. I am not interested one way or the other, but I doubt whether under the circumstances the present condition of those shore fishermen can be fairly attributed to the activities of the trawler. I do not think they can. As a matter of fact a great many trawlers from other countries fish in our waters outside the three mile limit, while I understand that our regulations call for our trawlers to fish outside the twelve mile limit. So that from any point of view I do not think that the present condition of the fishermen can at any rate be wholly attributed to the operations of the trawler.

Those fishermen of ours are in a pitiable position. Their very desperate conditions have forced them to take some cooperative measures to try to make a living for themselves. They are forming little cooperative societies, but so far they have not been able to do very much along that line, because, to start with they are very poor; they have no capital, and the storms that frequently ravage that coast clean up all their little plant, their boats and their nets.

There is now over four million dollars in the treasury of this country to the credit of the fishermen of the maritime provinces and Quebec. That money has been there for over fifty years. It was put there as a result of the Washington award. The money was paid as compensation for the privileges obtained by the American fishermen in our waters. The government of that day did not know what to do with the money. They got $4,500,000, and they kept half a million dollars for their costs and put $4,000,000 into the consolidated fund. It had no business ever to go there. That was a trust fund for the fishermen of the maritime provinces and Quebec. The government did not know what to do with it, and no government from that day to this has had wit enough to grapple with that question and deal justly with those fishermen. For fifty years now we have seen the spectacle of one government following another, and the

Department of Fisheries never in charge of a man who had wit enough to do justice to the fishermen of the maritime provinces and Quebec. The time has arrived when justice should be done. The fishermen need help and they must have it.

Some four or five years ago the late government appointed a commission headed by the present president of the exchequer court, and that commission made a study of conditions in the maritime provinces and made a report and certain recommendations. In one recommendation they deal with this money that is to the credit of those fishermen in the dominion treasury, and which has been parcelled out by means of measly little fishing bounties, which was the only method which ever suggested itself to the government of that day, some fifty years ago. From that day to this we have never had in charge of the Fisheries department a man who could grapple with this question and settle it. I may say that we did have a serious hope when the present Minister of Finance took charge of that department, and during the short time he was there I am bound to say that a considerable improvement was made. So far the department has been under the administration of an acting minister who certainly has not been able to give it the attention which its importance deserves.

I have said that this $4,000,000 was placed in the consolidated fund, and the interest on it at four per cent, amounting to $160,000 a year, was parcelled out in the form of small bounty cheques to the fishermen according to the size of their boat—little cheques of five or six or seven dollars. The money was simply frittered away. The time has arrived now, after fifty years, when there must be some change made in that respect. As I have said, the fishermen down there are making valiant efforts for themselves to improve their conditions. Why cannot this money be devoted to helping them in their cooperative efforts, to enabling them to secure plant and bait and storage facilities for their fish? Surely the time has come to carry out the recommendation made by this commission some four or five years ago. Speaking of that $4,000,000, the commission said:

> We recommend, however, that it is not applied to any of the purposes mentioned in the Deep Sea Fisheries Act, that is for bounties to boats, vessels and fishermen, but that it be specially devoted to such productive uses as assistance in the construction of brine freezing plants, fish meal plants, driers, bait and cold storage plants for organized groups of fishermen, or others engaged in any phase of the industry, upon proper terms and conditions, and to such other substantial purposes as may appear desirable; the amount apportioned to Quebec and the maritime provinces should be in the proportions in which the Fishing Bounties were distributed in 1928.

There is a clear-cut recommendation from the commission appointed by the late government, but that recommendation has remained in abeyance from that day to this. In the meantime the fishermen have gone down from one strata of poverty to another, and neither this nor any other government has seen fit to adopt proper measures for dealing with this question. We need storage facilities. There was a cold storage plant at North Sydney, but it was destroyed by fire a few years ago. It now stands in need of repairs. It affords storage facilities for perhaps two or three hundred fishermen all along the coast of Victoria county and the county of Cape Breton, but it remains there in a state of dispair, having been destroyed by fire. Why? Simply because we cannot get $6,000 from this government to help repair it. It requires $18,000 to repair it and put it in shape, and fit it for storage. The town will give $6,000, the provincial government will give $6,000, and we are after this government to give the other $6,000. But so far we have not succeeded. The fishermen also require some assistance in the transporting of fresh lobsters to Boston. That transportation has been afforded to certain districts, but it has not been afforded to the districts in the county that I represent.

The fishermen down there also want certain changes made in the regulations governing lobster fishing. They are told by the department that they do not know what they are talking about, that the officials here know more about lobster fishing than the fishermen themselves do.

I submit to the government with all the earnestness of which I am capable that this year should see an earnest effort made by the department to put into effect the recommendation made by the royal commission on fisheries to which I have referred. I know that the fishermen of the maritime provinces would be inspired with a great hope if the minister to-night would give us any reason to believe that the matter to which I have referred will receive consideration in the coming summer, and that active steps will be taken to carry out the report of the commission headed by the president of the exchequer court.

Mr. NEILL: Mr. Chairman, I have only one more matter to bring before the committee, and then the minister may requiescat

in pace. I wish to repeat the protest I made about eleven months ago to-day concerning the Vancouver offices of the minister's department. I shall not repeat what I said on the former occasion; it appears in Hansard of May 21, 1932. In these days of excessive economy, when taxation is so severe, it is doubly necessary to be very careful to avoid unnecessary expenditures. A new psychology is growing up. People used to think: "Oh well, Bill has a job with the government; it is all right. It does not matter very much whether he does anything or not." But now they are thinking differently. Men stop me on the street and say: "Why is so and so paid for doing so and so? The expenditure is not justified; it is only a half time job" —and so on. For those reasons we must review these matters.

On the Pacific coast in the last two or three years there has been a tremendous falling off in the salmon industry. There has been a big drop in the number of plants, in the boats employed and in the catch. I have records before me which show that last year only thirty-five canneries were operating, but that two years before, seventy-five were operating, or more than double the number. Last year there were 2,180 fewer fishing licences issued than were issued in 1930. A bulletin issued by the minister's department in the month of March contains the information that for the month of February forty tons of fish were caught in British Columbia waters while in the February two years earlier one hundred and thirty-three tons were caught. Forty tons is not a very large quantity—only about one and a half tons a day. But to take out that forty tons of fish the services of eleven clerical officials were required in the head office. I am not referring to the numerous minor officials, but to the clerical staff at head office. Eleven officials were required to superintend the catching of a ton and a half of fish each day.

No doubt the chief supervisor out there got his instructions, as everyone did two years ago, to cut down expenses. He did cut them down, but he cut them at the wrong end. Expenses divide themselves into two heads, one overhead and the other the work actually done on the ground. One would naturally expect, with so many fewer canneries, boats, and fishermen, that the clerical staff would be greatly decreased. However, it was not. The work actually done on the ground is done by the air force, which was cut thirty per cent, the patrol boats, which were cut twenty-seven per cent—and I am not talking about the protective service, which consists of two big steamers, but am directing my remarks to the small patrol boats on the ground—and the guardians, which were cut down forty-three per cent. Those are the services for which we spend $400,000.

As I have said, the air force, the patrol boats and the guardians were cut down in the manner I have indicated. But what was done with the overhead? A few days ago I obtained a return from the government. While it is somewhat obscure it indicates that there are thirteen officials in the office, and that there were thirteen in 1930. The report shows fifteen, but two held temporary positions. We see therefore that the staff is the same size. I look at the Ottawa office of the Department of Fisheries and I find that they have been cut down from eighty-nine to sixty-five or about twenty-four per cent. But the Vancouver office numbers were not cut down. In fact, some of the salaries were raised; the chief supervisor gets $180 more than he did before. He now gets $720 a year more than the same officer in the maritimes, despite the fact that the maritimes officer has three provinces to take care of. I see other increases in salaries also—not decreases, but increases. I see that there are seven officials and six stenographers, or practically a stenographer for each official. I know of no office in Canada where that principle prevails. I glanced over the figures for a number of departments which have been before us in the last few weeks, and I find that the number of officials for each stenographer runs from four to twenty. I cannot find any instance where there were less than four officials to one stenographer, but in British Columbia we have a stenographer for each official. I suppose she puts her lily-white hand on his fevered brow and gets him a glass of water occasionally.

Some hon. MEMBERS: Order.

Mr. STEVENS: That is disgraceful.

Mr. NEILL: I see that the district supervisor and chief supervisor are in the same office. There is another supervisor thirteen miles away. There are five supervisors in British Columbia, two of whom are in the head office and one thirteen miles away. Then we come to the principal statistical clerk. What do we want a statistical clerk out there for? I do not believe there is one in the Department of Fisheries here in Ottawa, at least he is not so recorded in the report of the Auditor General. There are sixty-five

officials in Ottawa operating without a statistical clerk, but it seems that at Vancouver we must have one.

I say without a doubt that there is no need for this expensive service, especially in these days when expenses have to be reduced to the limit. We must always remember that we are dealing with a service to preserve the fishing industry, and to prevent poaching. That is, we have to prevent people from taking fish from places where they should not get them, namely, inside the mouths of rivers or in the weekly closed season.

A guardian will live in a district, and know practically everybody in that community. Over him is an inspector, also a permanent resident of the district. He will have a certain number of guardians under him on the ground. Over the inspector there is a supervisor, of whom there are five in the province. The supervisors are fully acquainted with the territory under their jurisdiction. Why do we need this fifth wheel; this circumlocution office in Vancouver? It is only adding to the expense and to delay in getting action. Why not give the men in the field, namely the supervisors or inspectors, a little more responsibility. They are competent men, and worthy of a little more pay, because they are not paid as much as men holding similar positions in the maritimes. Let them communicate directly with Ottawa. The deputy minister has men under him here who are thoroughly familiar with local conditions. He himself has quite an extensive knowledge of conditions in British Columbia. Such a change would mean that there would be quicker results in the case of doubt or dispute, and speed is very important in the fishing industry. It is worth a lot to canneries and fishermen to get quick action, because such action means cheapness and efficiency.

Although there should be a saving, I would not suggest doing away with the whole staff. The chief supervisor should probably be retained, and a stenographer to assist him in the work occasioned by investigations. The saving in rentals alone would be a large sum. It will be said we do not pay rentals, but we are paying a very large sum every year for interest on a mortgage on the building. The other day the Minister of Finance in introducing his budget said he would have to cut I think $14,000,000 off the estimates as they appeared. Later he said he was not going to take it off the individual salaries. Very well; what will be the situation in British Columbia? If we are not going to cut down the salaries

—and that is quite right—what will be cut? It will be the work. There will be fewer guardians, fewer patrol boats, but not fewer in the head office, because those are salaries. Why not cut off this superfluous office altogether, except to the extent I have indicated, maintaining the chief supervisor and one office assistant? There is a new psychology growing up. People are looking at these things in a new way. They used to say: "Oh, it is a government office," and they did not care much. But now when people who never expected they would have to pay it are paying income tax; when a man getting $2.80 a day is docked one per cent on that miserable wage, they are more interested in these things. Every time the poultry man draws a cheque for $1.80 or any person draws a cheque for a small sum he has to to put a three-cent stamp on it; and when the housewife has to pay two cents a pound on sugar, as was said of Mary, she pondered all these things in her heart. These people who are feeling the pinch are pondering all these things; they are not satisfied to see the government incurring unnecessary expense. I would like the minister to explain why, if it was right—and I do not say it was not, with the reduced canneries in operation—to cut down the air patrol 40 per cent, the patrol boats 27 per cent and the guardians 43 per cent, is it not appropriate to cut down in some measure—although my suggestion would be to cut it out entirely—this office in Vancouver with its extensive overhead? I took this matter up last year and will continue to do so in future. It will not down, because it is so obvious that it is attracting a great deal of attention out there.

Mr. BRADETTE (Translation): Mr. Chairman, after listening to the discussion which took place in connection with the Atlantic and Pacific coast fisheries, I think it pertinent to now refer to those of central Canada. Two years ago the hon. Minister of Finance (Mr. Rhodes) practically promised that the inquiry begun in 1930, would be continued in 1931 and 1932. I am alluding to the fisheries of Hudson bay and James bay. We are satisfied that it is possible to develop the fisheries of that part of the country. Both the inquiry and survey or patrolling carried on in 1930 and 1931 did not prove satisfactory and I have already complained of the fact. The Department of Fisheries is no doubt aware that companies were formed last year and started fishing operations. These will further develop this year. I would therefore request that the hon. Minister of Fisheries (Mr. Duranleau)

assure me that the inquiry begun two or three years ago will be continued, and if possible, completed this year. We are far from being satisfied with the report of the inquiry stating that no sea fish inhabit the waters of Hudson bay or James bay. The Ontario provincial government has extended its railway from Cochrane to Moose Factory or Moosonee. As recently as last year the provincial government inaugurated this new service. This proves that the provincial government intends to give a good railway service to central Canada.

As I intimated two years ago to the hon. Minister of Finance, there are people in our section of the country, under the impression that some prejudice exists against developing the fisheries of central Canada, because it is feared that an unfair competition will result against the fisheries existing in eastern and western Canada. I do not believe in such fears. However, if the government persists in its attitude and does not hold a more thorough inquiry so as to bring out the facts as regards the fisheries of central Canada, I shall be led to believe that there is some truth in such an assertion. I have faith in the progressive spirit which animates the Minister of Fisheries; I hope he realizes what the development of these fisheries means to New Ontario, and to that section of the country, and that he will continue the inquiry so auspiciously started three years ago.

As it was stated by the hon. member for Souris (Mr. Willis) and the hon. member for Nelson (Mr. Stitt), who so well represent their constituents in the house, we are convinced, having personal knowledge of the facts, that sea fish actually thrive in that vast interior sea. Nature certainly did not create such a large body of water without providing for potential fisheries, capable of being exploited with profit by those who might wish to invest their capital in such an enterprise. I may inform the minister that a large number of people are willing to invest considerable amounts to develop such fisheries. Previous to closing my remarks, may I state that, knowing the spirit of initiative of the minister of fisheries, I trust he will fully acquiesce in the wish of the people of that section of the country and that the study of this question will be carried out more efficiently than in the past. I regret to state that within the last two years, nothing was done in this connection. However, I hope that next summer the government will find it possible to continue this inquiry which, I have no doubt, will amply prove, as we contend in our section of the country, that our fisheries can compete, both as to quantity and quality, with those of other parts of Canada.

Mr. DURANLEAU (Translation): I listened to my hon. friend with much interest and I wish to congratulate him on the optimism he displays as regards the fisheries of his section of the country. As to the inquiry held in 1931, I understand that it was completed. I do not wish to state that we shall not make further inquiry in this matter in order to meet the wishes of my hon. friend; however I cannot make any promise for this year. All are aware that the department must practise economy; should we decide that further inquiry must be carried out, we shall have the necessary appropriation placed in the estimates next year; however, for the present, I cannot pledge the department to any definite action in the matter.

Item agreed to.

Mr. MOTHERWELL: As we have a few moments left before it is time to wind up the clock and put out the cat I would ask the minister if he has ready for me the information regarding the sinking of the Bright Fan. If he has it he can give it in a few minutes. If he has not it will be all right to table it on Monday.

Mr. DURANLEAU: I have not the information with me now, but I shall be pleased to table it on Monday or Tuesday.

Mr. MOTHERWELL: In order to be quite clear, may I say that what I am referring to is the answer to the first question in the little folder issued by my hon. friend's department:

> When and for what sum was the ss. Bright Fan purchased by her owners; what was her value at the time of her loss? What insurances were effected upon and in connection with the ship?

The answer given in the report is as follows:

> As to the first question we have not the material under the evidence upon which an answer can be given.

Mr. DURANLEAU: I received the information from the insurance company, from Lloyds themselves. I will table what we have received.

Item agreed to.

Department of Railways and Canals—canals, staff and repairs, $2,738,720.

Mr. REID: Is this the only item left in the Department of Railways and Canals?

Mr. RHODES: No, item 300 in the supplementaries is standing.

Mr. COOTE: There is a question I should like to ask the minister, and I do not know whether or not there will be another item under which I can do so.

Sir GEORGE PERLEY: If the hon. gentleman will put his question in a letter I am sure the information will be given him.

Mr. COOTE: It is a question of great interest to very many people, and I think it should appear in Hansard. It is with regard to the amount of traffic which has been diverted from the Canadian National railways, and possibly also from the Canadian Pacific, by the construction of the new Welland canal. I have tried to get the information from the government; I wrote the Department of Railways and Canals, but they referred me to the bureau of statistics. I think this is a very important matter, and I should like an opportunity of getting the question and the reply of the minister on Hansard.

Sir GEORGE PERLEY: It will be understood that under item 300 anything can be discussed in regard to railways and canals, and I will direct the minister's attention to what my hon. friend has said.

Item agreed to.

Progress reported.

On motion of Sir George Perley the house adjourned at 10.55 p.m.

Monday, May 1, 1933

The house met at three o'clock.

STANDING ORDERS

Mr. A. U. G. BURY (East Edmonton) presented the second report of the select standing committe on standing orders.

He said: By leave of the house I beg to move:

That the second report of the select standing committee on standing orders relative to the suspension of standing order 92 be concurred in.

Mr. BENNETT: We shall take that as a notice of motion and deal with it to-morrow.

Mr. SPEAKER: Stands as notice of motion to be considered at the next sitting.

(Mr. Duranleau.)

UNEMPLOYMENT AND FARM RELIEF

Hon. W. A. GORDON (Minister of Labour): I beg to lay on the table a number of orders in council passed pursuant to the relief legislation.

RAILWAY ACT AMENDMENT

ABANDONMENT OF RAILWAY TO BE APPROVED BY RAILWAY COMMISSIONERS

Hon. R. J. MANION (Minister of Railways and Canals) moved for leave to introduce Bill No 80, to amend the Railway Act.

Some hon. MEMBERS: Explain.

Mr. MANION: This bill is an amendment to the Railway Act to require the railway companies, before abandoning the operation of any line of railway, to get the approval of the Board of Railway Commissioners. It puts the matter in accord with the measure with which we are dealing at the present time, Bill No. 37.

Motion agreed to and bill read the first time.

INTEREST ACT AMENDMENT

Mr. G. G. COOTE (Macleod) moved for leave to introduce Bill No. 81, to amend the Interest Act.

Some hon. MEMBERS: Explain.

Mr. COOTE: Under the British North America Act the matter of interest rates was left in the jurisdiction of this parliament. The present Interest Act states:

Except as otherwise provided by this or by any other act of the parliament of Canada, any person may stipulate for, allow and exact, on any contract or agreement whatsoever, any rate of interest or discount which is agreed upon.

I think it is desirable, under present financial conditions, that a maximum rate of 5 per cent should be established by this parliament, and that is the purpose of the bill which I am now introducing.

Motion agreed to and bill read the first time.

OATHS OF ALLEGIANCE

Hon. ERNEST LAPOINTE (Quebec East) moved for leave to introduce Bill No. 82, to amend the Oaths of Allegiance Act.

Some hon. MEMBERS: Explain.

Mr. LAPOINTE: This bill is to make the form of the oath of allegiance as contained in the revised statutes of Canada conform with the recent developments and more particularly with the Westminster statute. The

form is the same as was used under the old colonial status. The main change is to strike out the words referring to the Dominion of Canada:

Dependent on and belonging to the said kingdom.

Of course Canada does not belong to and is not dependent on any other part of the British Commonwealth.

Right Hon. R. B. BENNETT (Prime Minister): This is not the time to discuss the matter, but I would ask the hon. gentleman whether he has considered the question that arises in connection with the act relating to allegiance, because we have a common oath that was established by arrangement. This matter has engaged the attention of some of the law officers of the crown and it is thought we should have a conference with respect to the whole situation of the nations affected because in 1911 we agreed, in connection with naturalization, to accept a certain form. I quite appreciate the point the hon. gentleman has made, but I ask him to consider the matter from that angle.

Mr. LAPOINTE: I have no objection to the mode by which the change is to be effected, but I for one would not desire to have this form maintained in the revised statutes of Canada.

Motion agreed to and bill read the first time.

WASHINGTON CONFERENCE

STATEMENT BY THE PRIME MINISTER RESPECTING CONVERSATIONS WITH PRESIDENT ROOSEVELT

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Before the orders of the day are proceeded with, it is perhaps desirable that I should make a short statement. The President of the United States invited the dominion to send a representative to the conference which is being held at Washington with many of the nations of the world. I arrived in Washington on Monday and I left on Saturday. Before leaving, the following joint statement was agreed upon between the president and myself and given to the press:

Our conversations have been eminently satisfactory in establishing a common ground of approach to the principal problems of the world monetary and economic conference. We are agreed that our primary need is to ensure an increase in the general level of commodity prices. To this end simultaneous action must be taken both in the economic and in the monetary fields. Economic and monetary policies must be adjusted to permit a freer international exchange of commodities.

It is recognized that as soon as practicable an international monetary standard must be restored, with arrangements which will ensure a more satisfactory operation of monetary relationships. We have examined a series of proposals for the more effective employment of silver.

No one of these problems can be profitably dealt with in isolation from the others, nor can any single country accomplish a satisfactory solution. We therefore recognize the vital importance to mankind of the world economic conference and the necessity of reaching, in the weeks which remain before it is convened, as great a measure of mutual understanding as possible.

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.

I can only say further that on behalf of this dominion I thanked the President of the United States with great sincerity for his courtesy and kindness extended to the Canadian representative. I might read to this chamber the words that I uttered over the radio on Saturday at a quarter to three as I was leaving Washington:

I have come to speak a few words of farewell this afternoon before I return to Canada. We Canadians do not feel that we are strangers in your hospitable country, nor I hope do the people of the United States feel themselves to be strangers when they come as welcome visitors to Canada. We are friendly neighbours and speak to one another as such. This is natural and proper. But I am nevertheless deeply impressed with the warm welcome and generous hospitality which I have received from your president, your secretary of state and his assistants, and from all those with whom I have come in contact. I will carry with me many pleasant memories which I shall long cherish.

I concluded my observations as to the future attitude of this dominion with respect to the matters under consideration with these words:

Acknowledging your president's wide vision and unselfish purpose, his steady courage and sincerity, his rare patience and determination, I promise that Canada will play its part in the task of seeking world recovery through cooperation with the United States and all the other nations of the world.

Mr. POULIOT: I promise you action and not only consideration.

PRIVATE BILL

SARNIA-PORT HURON VEHICULAR TUNNEL COMPANY

The house resumed from Tuesday, April 11, consideration in committee of Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray—Mr. Gagnon in the chair.

On section 19—R.S. c. 170, to apply to the company.

Mr. GRAY: Sections 19 and 22 were allowed to stand, Mr. Chairman, section 19 at the instance of the right hon. the Prime Minister, and section 22 at the instance of the Minister of Labour. Section 19 has been amended with the help of the Justice department in order to meet two objections, first that raised by the hon. member for East Essex (Mr. Morand) that instead of "value" the word "cost" of the undertaking should be substituted, and that raised by the right hon. the Prime Minister that we could only deal with that part of the undertaking lying within the Dominion of Canada, so that the arbitrators appointed to consider the cost of the undertaking and the price at which it might be taken over by the municipalities should deal only with that part of the undertaking lying within this dominion. Section 19 as now amended provides for that, and at the same time does away with some of what were deemed unnecessary provisions with respect to the property being taken over at the end of twenty years, forty years and so forth, at a certain price. I therefore move, Mr. Chairman, that section 19 as before the committee be deleted and the following substituted therefor:

19. Immediately after the said subway or tunnel has been in operation for a period of two years, a board of arbitration shall determine the cost of that part of the said subway or tunnel situate in the Dominion of Canada. Such determination shall be filed with the department of the Secretary of State. The board shall consist of three members; one to be nominated by the municipality or municipalities within the Dominion of Canada in which the said subway or tunnel is located, the second by the company and the third by the governor in council. The municipality or municipalities within which the said subway or tunnel is located shall be entitled to acquire that portion of the same which is situate within the Dominion of Canada at any time after the expiration of the two year period of operation hereinbefore referred to at the cost hereinbefore mentioned, less such allowance for depreciation as a board of arbitration constituted as aforesaid shall then determine. Provided, however, that when the said subway or tunnel has been in operation for a period of sixty years, the municipality or municipalities within which the said subway or tunnel is located shall be entitled to acquire that portion of the same which is situate within the Dominion of Canada without payment of any consideration therefor.

(2) The company shall not commence construction until the governor in council has been satisfied that the competent authority in the United States has made provision similar to that contained in subsection one of this section, for the acquisition of the American section of the subway or tunnel by the municipalities within which the same is situate.

[Mr. Pouliot.]

I am sending a copy of the amendment over to the Prime Minister although I believe he has already received it.

Mr. BENNETT: The hon. gentleman has fairly met the difficulties that I pointed out, that the municipalities would be compelled to pay far too large a sum in the event of taking over the property, except that the period of time at which the property shall be vested in the municipalities is rather long. If they take it over at any time after the expiration of two years they have to pay the cost less depreciation. I think that meets the difficulty except that sixty years seems to be a long period of time, because at the end of sixty years the property by any known method of depreciation would stand on the books at nothing. That is the purpose to be aimed at, of course, that the depreciation reserves will have exhausted the capital cost of the property. As to the depreciation allowance one cannot tell without knowing exactly the kind of structure to be created but if it followed the ordinary rule the depreciation would be somewhere between two and a half and three per cent per year. Then, sixty years on a three per cent basis would mean 180 per cent of the cost that had been returned to the owners by reason of the operation of depreciation funds and sinking funds, and they would have had their interest also. I am just suggesting to the hon. member that sixty years seems to be a very long period. I should think half of that would be sufficient.

Mr. GRAY: I was going to suggest forty.

Mr. BENNETT: I think forty would not be too long.

Mr. GRAY: Then, if the chairman would substitute forty for sixty I would move that it be amended accordingly.

Section as amended agreed to.

On section 22— Labour and materials.

Mr. GRAY: Objection has been raised by the Minister of Labour that we could not properly deal with other than the Canadian section of the subway or tunnel. That objection has been met by redrafting the section. I understand the minister has seen the change and it has met with his approval. I therefore move seconded by Mr. Young that section 22 be deleted and the following substituted therefor:

The employment of labour in the construction, maintenance and supervision of that portion of the said subway or tunnel so far as the same is situate within the Dominion of Canada, shall for the purpose of this act, be deemed to be subject to the terms and con-

ditions of the Fair Wages and Eight Hour Day Act, 1930, and amendments thereto. And so far as the said subway or tunnel is situate within the Dominion of Canada, so far as it may be practicable to do so, Canadian labour and materials shall be used in the construction of the said subway or tunnel and a certified statement shall be sent weekly to the Department of Labour giving the names and addresses of firms supplying materials and the quantity thereof.

Mr. BENNETT: I believe it might be well to add after the word "materials" the words "specifying the addresses of firms supplying." The word "materials" does not indicate that there would be any necessity of stating what materials were supplied and the quantities thereof. We should have not only the names and addresses of firms supplying materials, but the material should be specified and quantities named. As the word materials is in the plural probably the plural form of the word "quantity" should be used. Then, after the word "materials" should be the words "specifying same" so as to indicate whether stone, gravel, cement or some other material was supplied. There is nothing in the amendment as it now stands calling for such information.

Mr. GRAY: I should be happy to accede to the suggestion of the Prime Minister and add after the word "materials" in the last line the words "specifying same." I so move.

Mr. BENNETT: Yes, and the word "quantity" should be "quantities."

Mr. GRAY: I believe that is correct, and would be content to accept that suggestion, making the necessary motion.

Section as amended agreed to.

Mr. GARDINER: I should like to say a few words concerning the general character of this particular bill. A few evenings ago when the hon. member introduced the bill for the purpose of moving it into committee the Prime Minister took exception to some of the clauses, and asked the hon. member if he would be good enough to let the matter stand over in order that some arrangements might be made. The remarks of the Prime Minister at that time had to do more particularly with the common stock or financing of this concern. I cannot see that in the reprinted bill any improvement has been made, from that standpoint. I can see no greater protection than there was before for the public who have invested their money in the enterprise. I wish merely to call the attention of the committee to clause 6 of the bill which provides for capital stock and which states:

The capital stock of the company shall consist of one hundred thousand shares without nominal or par value.

Mr. GRAY: I should like to interrupt the hon. member by stating that he is reading from the bill before it was amended. A protecting clause has been inserted.

Mr. GARDINER: I have the reprinted bill before me.

Mr. BENNETT: That was again amended.

Mr. GARDINER: I do not know the nature of the amendment, so far as that is concerned, but I have on my file what purports to be a reprinted bill. Naturally, I am speaking from the information I have before me. The point I emphasize is this, that there is no specified amount of capital, so far as this company is concerned. So many shares of no par-value stock can be issued. There is no statement as to the amount for which it may be sold. There is provision however for the borrowing powers. It is stated that the company may borrow up to an amount not exceeding $5,000,000.

In my judgment the objection raised by the Prime Minister the other evening was quite proper. Particularly so when we take into consideration what has happened in Canada during the last few years in connection with the financing of companies such as the one now under consideration. I submit that after our experience the capital stock of the company should be specified in the bill. There should be no no-par-value stock, but stock of a certain nominal value. Other than that I submit that in order to protect the bondholders who may be induced to invest their money in this concern, the borrowing powers of the company should not be more than forty per cent as against sixty per cent of the capital stock invested. If the shareholders who expect to profit from this concern have money in it to an amount greater than the bondholders, then I am satisfied that under those conditions the bondholders would have at least a reasonable security for their investment.

The bill before me does not make the situation better than it was prior to the amendment. I take this opportunity of stating that so far as I am concerned I am going to oppose every piece of legislation of this type until such time as the house makes up its mind that the capital stock of a company must be properly stated, and furthermore that the borrowing powers will not exceed the total capital stock paid up.

Mr. BENNETT: There is a limitation imposed. It is not my purpose in any way to defend this matter, but first, the par value is fixed for the shares, and secondly, there is a provision that the securities cannot be sold unless they have been approved by the authority administering the Security Frauds Prevention Act of the province of Ontario. And that applies equally to securities on the other end that may be sold in Ontario. As our other provinces have the same statute in like terms I think the public is reasonably safeguarded. I am bound to say that I did not think the protection was sufficient at first. But the promoter of the bill has been perfectly reasonable in the matter, and says he has no desire to put through parliament a bill that does not protect those who may put their money in the project, because of the difficulties that arose at Detroit. If the statute, which has been held to be constitutional by the privy council on the appeal of the province of Alberta, provides the safeguards which I think it does, I can see little opportunity for difficulties, because in order to secure approval of the sale of securities they have to satisfy the authorities of the province that the issue bears a proper relation to the cost.

Mr. GARDINER: Did I understand the Prime Minister to say that the shares were to be of par value? In this bill that the hon. member has sent across to me they are without nominal or par value.

Mr. BENNETT: My recollection is that they shall be not less than $5.

Mr. GRAY: Fifty thousand shares, par value of $10.

Bill as amended reported.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CHAMBLY CANAL—SUPERINTENDENT

Mr. GOULET:

1. Who is the acting superintendent of the Chambly canal?
2. Who is the official superintendent of the above-named canal?
3. Where is the latter's office located and what work does he perform?
4. What salary is paid to the official superintendent and to the acting superintendent?

Mr. MANION:

1. No acting superintendent.
2. Mr. J. H. Cantin.
3. Chambly Basin, P.Q. This officer is responsible for the operation and maintenance of the Chambly canal.
4. He is paid $1,920 per annum.

[Mr. Gardiner.]

PENSIONS DEPARTMENT—MARRIED AND SINGLE MEN ON STAFF

Mr. CHEVRIER:

1. How many pension advocates in the veterans bureau of the Department of Pensions and National Health are single men?
2. How many men on the veterans bureau staff, Ottawa, are single men?
3. What is the proportion between married and single men?
4. Are married men given a preference?
5. If so, is there any reorganization contemplated in which this preference is to be disturbed?

Mr. MacLAREN:

1. Five.
2. Eight.
3. All offices—75 per cent married, 25 per cent single; Ottawa—60 per cent married, 40 per cent single.
4. There is no settled policy.
5. The matter is not under consideration at the present time.

ESCUMINAC NORTH, QUEBEC, POSTMASTER

Mr. MARCIL:

1. Have any complaints been received by the Post Office Department against the postmaster of Escuminac North, Bonaventure county, Quebec?
2. If so, from whom, and what was the nature of these complaints?
3. Were these complaints investigated, and what was the result?
4. Was an application received for a change of site of the post office at Escuminac North?
5. If so, from whom?

Mr. SAUVE:

1. Yes.

2 (a) Hon. Dr. E. Paquet and Abraham Flanagan; (b) Active political partisanship.

3. Yes. Commissioner's report found postmaster guilty.

4 and 5. The transfer of the office to a new incumbent, when effected, will no doubt involve a change of site.

LE GIRAUDAIS, QUE., POSTMASTER

Mr. MARCIL:

1. Were complaints received by the Post Office Department against the postmaster at Le Giraudais, county of Bonaventure, Quebec?
2. If so, what were they?
3. Who recommended the changing of the site of Le Giraudais post office from the property of Joseph I. Pitre to that of Mrs. F. Paquet?

Mr. SAUVE:

1. Yes.

2. Mismanagement and active political partisanship.

3. Postmaster was dismissed for active political partisanship following an investigation. The transfer to Mrs. Wilfrid Paquet was recommended by the Hon. Dr. E. Paquet.

WINDSOR MILLS, QUE., POSTMASTERS

Mr. LAFLECHE:

1. What are the names of the postmasters or postmistresses of Windsor Mills since 1867?
2. What was the total sum paid to each such person during his or her incumbency?

Mr. SAUVE:

1 and 2. C. E. Wurtle, $893.21; J. A. E. McCabe, $14,246.53; Mde. A. McCabe, $41,414.75; Auguste Provencher, $10,945.775; J. A. Roy, $5,290.24 to March 31, 1933.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PENSIONS TO EX-SERVICE MEN

Mr. RHEAUME:

What is the number of ex-service men in Canada drawing from the Canadian government yearly war pensions (a) of $400; (b) of $800; (c) of $1,000; (d) of $1,500; (e) of $2,000; (f) over $2,000, who are (1) in the employ of the Canadian government; (2) not in the employ of the government?

Mr. LAFLECHE:

1. What is the number of post offices in the province of Quebec with an annual revenue of less than $100?
2. What is the maintenance cost of each such post office?

MOTIONS FOR PAPERS

ILE-AUX-COUDRES-LES ÉBOULEMENTS FERRY SERVICE

Mr. CASGRAIN:

For a copy of all correspondence, letters, telegrams, petitions and other documents, in connection with the ferry boat service between Ile-aux-Coudres and Les Eboulements, in the county of Charlevoix, since the 22nd of August, 1932, to date.

DISMISSAL OF R. W. SQUAREBRIGGS

Mr. MacLEAN:

For a full copy of all correspondence, letters, telegrams, and other documents, which passed between any person, persons, or organization in Prince Edward Island and the Department of Fisheries, the deputy minister, or any of the acting ministers, regarding the dismissal of R. Wesley Squarebriggs, as fishery officer in Prince county, Prince Edward Island, and the appointment of Neil McLeod in his place.

BACHE PENINSULA EXPEDITIONS

Mr. CHEVRIER:

For a copy of all correspondence, telegrams, cables, communications, reports and other documents in the possession of the government, respecting the last four Canadian government expeditions to Bache peninsula.

DUTY ON REPAIR PARTS—AGRICULTURAL IMPLEMENTS

Mr. BROWN:

For a copy of all orders in council and regulations issued by any department of the government between March 1, 1932, and November 1, 1932, dealing with the duty on repair parts for agricultural implements.

RADIO STATION CHLP

Mr. CASGRAIN:

For a copy of all documents, correspondence, letters, petitions, and telegrams received by the Department of Marine or the Minister of Marine, and any officials of the radio commission, with reference to broadcasting done through radio station CHLP at Montreal, from January 1, 1933, to date.

BANK ACT AMENDMENT

EXTENSION OF CHARTERS FOR ONE YEAR—POSTPONEMENT OF REVISION

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 27, to amend the Bank Act.

Right Hon. W. L. MACKENZIE KING (Leader of the Opposition): Mr. Speaker, the purpose of this bill is to postpone for a year the obligation which is placed upon parliament by statute to revise the Bank Act once in every ten years. There must be very strong reasons for taking a course such as this.

At this stage of the session I am not going to take exception to postponement of the revision of the Bank Act until next session, but I wish to take very strong exception to the government having decided at the outset to postpone the revision for another year. I do not think that the reasons given by the administration in the speech from the throne and by the Prime Minister at the time of the debate on the address, are sufficient to justify the action which the government decided at the outset to take of postponing the revision for another year. There are no more important questions at the present time facing this country in common with other countries than those arising out of matters pertaining to banking, credit and currency. It is a misfortune that members of this parliament have not had opportunity, in the banking committee, to discuss these questions very fully and to make at this present session, if thought advisable as a result of the discussion, the amendments that should be made to the Bank Act at this time. I am inclined to think that the government's action was merely a failure to grapple concretely and immediately with this most urgent and pressing of our problems.

I know the reason given has been that there is to be a world monetary and economic conference which will have to consider these matters. May I point out to my hon. friends opposite that while the same conference is going to be equally concerned with currency and credit problems of other countries, the fact that the conference was in contemplation did not in anyway prevent the United States congress, even immediately following a general election, with many very pressing problems before it, from taking immediate action with respect to certain features of its banking legislation. If it were possible for that country in so short a time to meet to consider what was necessary in the way of revision of its banking laws, there was equally strong reason why we in Canada should have taken a similar course especially where the obligation was imposed upon us by statute.

May I say also that I think the government was under a misaprehension as to what had taken place with respect to previous revisions. Speaking on the address in reply to the speech from the throne the Prime Minister stated that there had been several postponements of the revision of the Bank Act, and that on the last occasion there had been two if not three such postponements. I do not think in making that statement that my right hon. friend, speaking from memory, had any intention of in any way misrepresenting the situation, but certainly he was quite wide of the mark in what he said. I should like to read the remarks of the Prime Minister, which appear in Hansard for October 10, 1932:

> . . . several times in the past bank charters have been renewed for a year only. When was the last revision? After the war they were extended because the chaotic conditions had not yet righted themselves and in the light of the additional knowledge obtained and secured by reason of what was going on in the world at the time it was believed that our domestic problems would be best dealt with by such an extension. The present Bank Act was not passed when the previous act had reached the end of its ten year period. My memory does not serve me at the moment but I think two, if not three extensions were granted before the final revision was made.

I know that sometimes, in speaking from memory and on the spur of the moment, one is apt to have in his mind, and unintentionally to convey, an impression which may be inaccurate. The Prime Minister quite evidently had in mind that there had been a postponement at one time, but he was mistaken in assuming it was the last time the Bank Act was revised. As a matter of fact there was very strong opposition to any postponement of the 1923 revision. An effort was made by some hon. members in the far corner of the house to bring about such a postponement. The Right Hon. W. S. Fielding was Minister of Finance at the time. He strongly opposed any postponement. Hon. A. K. Maclean, now a judge of the exchequer court, was chairman of the banking and commerce committee at that time, and during the meetings of that committee he took an equally strong stand against any postponement. Right Hon. Arthur Meighen, who at the time was leading the opposition, took the same position. I shall not take up the time of the house to give the reasons advanced by those hon. gentlemen as to why there should be no postponement, but those reasons would be equally applicable at the present time. The main reason was the importance of settling, at the time contemplated by parliament, all questions that might arise with respect to the banking situation.

The first complete Bank Act was enacted in 1871. It was revised in 1881, again in 1891 and again in 1901. It was with regard to the 1911 revision that a postponement was made, for the reason that 1911 was the year of the coronation of His Majesty King George, and an imperial conference was being held in London which Sir Wilfrid Laurier, then Prime Minister, was expected to attend. It was found necessary to adjourn parliament for a couple of months in order to permit Sir Wilfrid Laurier to go to London to attend the conference and be present at the coronation, and in those circumstances, it being doubtful whether after the coronation there would be time to have the revision effected, Mr. Fielding arranged for a postponement for a year. Before the end of the year the government of Sir Wilfrid Laurier was defeated, and a new administration headed by Sir Robert Borden came into office. That government asked for a further postponement of a year on the ground that they had just come into office and that there were some important matters in connection with the banking situation in Canada which the Minister of Finance, Sir Thomas White, wished to consider. So a postponement was made for another year. That was the only other time at which a postponement was made. The reasons, in both instances, were quite exceptional, but so far as I can see no such reasons exist at the present time.

I submit, Mr. Speaker, that the government is simply postponing grappling with this among a good many other important questions. Last session we had every reason to hope that there would be a full consideration of the currency question by some committee of this

house, but the Minister of Trade and Commerce (Mr. Stevens) pleaded very eloquently for a postponement of that consideration until after the Imperial conference had been held in Canada; he said that the question would be taken up at that conference, and that in the light of the discussion there we would be in a better position to act than by going ahead at the time. When the conference was held this matter received very little discussion, and as a result there was nothing to report afterwards to this parliament. Then there was the question of unemployment insurance. Hon. gentlemen opposite suggested that it would be well to postpone consideration of that question until a dominion-provincial conference was held, but when that conference was held the matter was not discussed at any length, and again there was nothing to report to the house. Again, a few days ago we were discussing the all-important question of reciprocity. We were asked to drop that discussion again because of a pending world conference though an opportunity it was said would be given a little later to discuss it more fully. In the meantime, however, the government received an invitation from the United States, and apparently at the instance of the United States they have begun to take up that question.

It seems to me that here again we have very much the same thing, an effort to get away from dealing with the question at the instance of or by our own parliament, by postponing it to another session. Since the speech from the throne was delivered the government has announced to parliament that it intends to appoint a royal commission to deal with monetary questions, evidently to sit between now and the next session of parliament. I have no doubt that this will be urged as an additional reason why we should not proceed at the present time with this matter, though that was not one of the reasons advanced at the outset.

I should like to make just one remark with reference to that royal commission and what its relation to this revision of the Bank Act may be. Undoubtedly the house will be pleased to see such full consideration of montetary and banking questions as a well qualified royal commission may be prepared to give, but I think it should be distinctly understood that the royal commission in no sense will be a substitute for parliament, and in particular for this House of Commons, in the discussion and ultimate decision on what may be best in banking, currency and other financial matters. Let the commission obtain as much as possible in the way of relevant information to be placed at the disposal of hon. members, but let it be distinctly understood that when it comes to the revision of the Bank Act itself it will be the judgment of hon. members of this house, in the light of all the information that can be placed before them, rather than the recommendations of any royal commission that will govern parliament in dealing with the matter.

Mr. JEAN FRANCOIS POULIOT (Temiscouata): This is another case of the government shifting responsibility. If the government has a policy on banking we should know it, but they have no policy and that is why they want to postpone the revision of the Bank Act. I strongly object to their lack of policy. All we have is words. I have here a copy of the Border Cities Star of Saturday last, containing the report of a speech delivered by the right hon. Prime Minister (Mr. Bennett) in Washington.

Mr. GOTT: Where did you get that?

Mr. POULIOT: That newspaper, which comes from Essex, is better than the hon. member who represents that constituency. During his remarks the right hon. gentleman made some reference to lack of confidence. We have a lack of confidence because he is the leader of the government; as soon as he leaves his job confidence will return. Now we hear about another conference, the world economic conference. This afternoon the right hon. gentleman made a statement with regard to his trip to Washington. During the election he said, "Mr. King promises conferences; I promise action. Which do you like best." He has shown no signs of action since he has been Prime Minister. He goes to Washington for a conference; he returns and says a few words in this house; a few of his supporters cheer him, but people still suffer.

Mr. GOTT: The people cheer him.

Mr. POULIOT: When my hon. friend says that he does not represent his constituents. When he does not say what he thinks he should not interrupt those who do. Here we have another conference. We hear members on the other side speaking of supermen—

Mr. SPEAKER: The motion is for the second reading of the bill.

Mr. POULIOT: Yes, sir.

Mr. SPEAKER: On a motion for the Speaker to leave the chair for the house to go

into committee of supply or of ways and means, the hon. member would be in order, but I would ask him now to confine his remarks to the motion.

Mr. POULIOT: Very well, Mr. Speaker. I shall have something to say when the bill comes down.

Mr. G. G. COOTE (Macleod): This bill deals with one of the most important matters affecting the Dominion of Canada, and I naturally expected that the Minister of Finance would have had something to say in support of it. Seeing, however, that apparently he is not going to speak, or has not spoken so far, I shall have to precede him.

I was quite interested in the account given by the leader of the opposition (Mr. Mackenzie King) of the various revisions of the Bank Act since confederation, particularly with respect to the investigation which was held in 1923, with the revision that took place at that time; and I was also interested in what the right hon. gentleman had to say regarding the attempt made by members in this corner on that occasion to have the revision postponed for a year. The reason we asked for a postponement was that we felt that no adequate investigation had been held into the needs of Canada so far as the banking system was concerned, or as to what reforms might be brought about in that system to make it more adaptable to our requirements at that time. That was the reason we asked for a postponement for a year.

Mr. MACKENZIE KING: Was it not on the score of legislation with respect to rural credits, which my hon. friends wished to have considered first?

Mr. COOTE: I do not think it was with regard to legislation affecting rural credits particularly, because that was a separate matter. The experience of Canada during the last ten years has proved, I think, that it would have been a very good step for the government in 1923 to have had a thorough investigation into the question of credits, banking and currency, foreign exchange and all related matters. The result might have been beneficial to us at this time. During the last two or three years we have been drifting along in financial and monetary difficulties. I do not think the world has ever, at least in modern times, experienced such a severe economic depression as we have had in the last few years. It has affected Canada much more seriously than it has some other countries—much more seriously, for example, than it has affected Sweden or Australia or some other places I could name.

[Mr. Speaker.]

The Prime Minister gave us this afternoon an account of his recent visit to Washington. He told us that monetary as well as economic action is contemplated by the President of the United States, and, as I understood him, he seemed to be in agreement with the president that these two questions must be grappled with together. I suppose that if we are to have any benefit from monetary action with a view to raising price levels it will be granted by every hon. member that this means a measure of inflation, controlled inflation it is true, which is something we in this corner of the house have been advocating for a number of years. So far we have not received very much support from the Prime Minister or his followers, and only a year ago the leader of the opposition suggested, with respect to our amendment along this line, that we should wait and see. Well, we have waited and the President of the United States has finally taken action. It seems to me that Canada should be quite prepared to back up the President of the United States and to take the same sort of action here as has been taken in that country.

If we are to have controlled inflation to raise price levels, that certainly suggests some instrument of control. Now, what instrument has Canada whereby to control inflation? I have discussed this matter with economists during the last few years on more than one occasion and have been told that Canada has no proper machinery for controlling inflation to raise price levels to the desired point. It can be done, they said, through controlled inflation, but we have not the proper machinery. If that is true it is not the fault of members in this corner, because in 1924 we endeavoured to have an investigation made into the question of a central bank for Canada. The matter was brought up in 1926 on a motion made from this corner, again in 1928, and in 1931 I myself placed before the house a resolution asking for a central bank in this country. The Prime Minister, if I remember rightly, said in 1931, that the time might come when Canada would need a central bank but that that time had not yet arrived. In my opinion the time had arrived in 1931, and I believed the Prime Minister should then have set to work to establish a central bank. Had this been done we should now have the proper machinery to give us inflation and to control it, in order to raise price levels. It is essential that someone should control it.

I regret that we have not before this established a central bank in this country, but I do not want to be understood now as

opposing measures for controlled inflation to raise price levels, even though we have not a central bank; I think we should embark upon that program even in the absence of such a bank. We should not however wait any longer. We should establish a central bank now. We can of course have a measure of inflation through the further issue of dominion notes, but this is difficult because of the provisions of the Dominion Notes Act under which we should be obliged to place an additional dollar of gold in the treasury for every additional dollar's worth of notes issued, unless they were issued under the Finance Act which would permit such issue without more gold behind the notes. If, however, we are to have inflation through the Finance Act it can be done only through the chartered banks, and our banks, according to their public statements, do not approve of inflation. I have not yet seen a public utterance of one of our bankers in favour of it, but I have seen a great many public utterances in which they are absolutely opposed to inflation, whether controlled or uncontrolled. Of course, they may change their minds as they have done before.

All through this depression I have been struck by this fact, that our banks have not suggested any way out of the difficulty, at least so far as I know. I am in hearty agreement with the hon. member for East Essex (Mr. Morand), who is reported as having said at Windsor last winter:

> A number of our guardians of wealth—for that is what they really are—have made statements in the last few months, and in the last few weeks especially, and I have searched in vain through all their statements, whether of banks or individuals, for one single positive lead. They have simply taken upon themselves the task of giving negative information. They have told us. "Don't do this," and "Don't do that," but I have not been able to find in a single instance a ray of hope that they were trying to work out some solution of our problem.
>
> Inasmuch as our financial leaders are apparently sterile of thought, the some of us who are not financial leaders will have to try and evolve for ourselves some means of getting out of this morass.
>
> One is not entitled to call another man's medicine nostrums and quackery if one hasn't a remedy of his own. It looks to me that our financial leaders are devoting their efforts to finding fault.

I thank the minister for the statement he made on that occasion—or rather the hon. member; I think he is a minister too. Has he not been a minister at some time?

An hon. MEMBER: He should be.

Mr. COOTE: Yes, indeed, and if it were not for the high regard in which I hold the present Minister of Finance I would suggest that the hon. member for East Essex should not have been overlooked.

Mr. MORAND: Speak for yourself.

Mr. COOTE: I do not wish to indict the bankers; it would not be fair. There are some bankers who do not agree with what I might call the orthodox attitude of the banks towards the depression, but the great majority of them have not come forward with any solution, nor have they given any reason why this depression should continue for three or four years. I remember reading two years ago a report of the proceedings of the annual meeting of one of the Canadian banks. As near as I can remember the matter, the first official who spoke attributed the depression to over-production. The gentleman who followed him said that the way out was to work harder. It is no wonder, if that is the advice we have followed, we have not succeeded in getting out of the depression, and if we follow the advice of orthodox bankers, we shall never get out of it. The bankers want us to pay our debts, but they do not realize that unless they keep on making loans to some people, the public will not have any money with which to pay their debts. Whether debts can be paid depends upon price levels; debts must be paid out of production and, as I say, whether they can be paid depends on the price which the producers receive for their products. That is simply common sense. The amount of money available in Canada is the chief determining factor in fixing price levels. I know some bankers will not agree with me when I say that the amount of money we have available depends on the action of the banks, but in this regard I shall quote the Right Hon. Reginald McKenna, former Chancellor of the Exchequer and at present chairman of the Midland Bank of London. He says:

> The amount of money varies only with the action of the banks in increasing or diminishing deposits. We know how this is effected. Every bank loan and every bank purchase of securities creates a deposit and every repayment of a bank loan and every bank sale destroys one. . . . Bank loans and their repayment, bank purchases and sales are in substance the sole causes of variation in the amount of our money.

I find that opinion corroborated by a writer in the financial—

Mr. SPEAKER: I would point out that this is a motion for the second reading of a bill to continue bank charters for a year, and as such it does not permit a general discussion of banking or how banks should be run.

Mr. COOTE: With all due respect, sir, we are now considering a bill to continue bank charters for a period of one year, and I am discussing the attitude and actions of the banks during the past ten years. Surely that should be a determining factor whether this bill should be passed renewing bank charters for another year. I cannot see that I am out of order.

Mr. SPEAKER: It is out of order to quote opinions from various people as to whether the Canadian system of banking is correct or not, as the question is whether this bill should be passed extending for one year the charters of the banks.

Mr. COOTE: The gentleman whom I quoted was not criticising the banks, but even if he were, I think I should be quite in order in quoting him in a debate as to whether bank charters should be renewed for a year. If that is not in order, what would be in order in discussing this bill?

The point I want to make is that the amount of money which we have in Canada determines price levels and the amount of money which we are going to have depends upon the action of the banks. Surely that is a point which may be discussed when we are deciding whether we shall renew bank charters for a year. If that is out of order, I shall not have anything further to say, because I cannot see that anything else has any more bearing on the matter of whether the charters should be renewed.

A writer in the financial section of the New York Times—and I shall quote only two sentences from him—says in regard to the question where the amount of money comes from and bank deposits:

> These include the sums in the ordinary checking accounts of individuals and firms and also include deposits of municipalities, states and counties. They are in part created by making loans; when a bank makes a loan to a customer it does not ordinarily pass out cash, but rather credits the customer with a deposit equal to the loan. In brief, contrary to the common understanding, the bank does not loan out deposits; it loans them in.

I would say that that is contrary to the opinion of many of our leading Canadian bankers and that is one reason I might be justified in expressing concern about renewing their charters for a year, when they do not know any more about the system they are running than is shown by some of their statements on this matter.

The money available for the people of Canada to transact their business with, which money, as I say, is the main factor in determining price levels in this country, has been reduced in the last three years; in other words, bank loans have been reduced from $1,856,000,000 to $1,278,000,000. That shows a reduction of approximately one-third. The reason I am bringing this to the attention of the house is that the bankers themselves—and I think I could quote some of their statements if I had them at hand—claim that has nothing to do with prices. In fact, one writer, in criticizing me, says that the drop in prices is responsible for the deflation of money in Canada. Scarcely a week passes but some outstanding banker takes it upon himself to deliver a lecture to our statesmen, our politicians, our various governments, to tell them that they should practise economy, balance their budgets and reduce their expenditures to where it is within their income. It is too bad that the expenditures of our banks are not given the same publicity as are those of our governments. We do not know what happens in Canada, but we have recently had an illustration of what happens in the United States and we are accustomed nowadays to go there for a number of our ideas. I noticed in the New York Times yesterday a dispatch from New York which states:

> The income tax authorities in the United States claim that Mr. Mitchell, the ex-president of the National City Bank of New York had a gross income of $3,649,623 in 1929, of which $1,872,861 was in salaries from the National City Bank and the National City Company.

Surely no one man can earn that amount of money from his services to one institution. It is too bad that some of our banks do not practise economy in their head offices and that some of them do not tell us the salaries they are paying there.

The Bank Act should be considered in conjunction with the Finance Act, because our banks rely very largely upon the operations of the Finance Act. All hon. members are, I think, familiar with the fact that the government may advance to the banks without limit against almost any class of security, making the advance in the form of dominion notes. The trustees of the central gold reserve may make a valuation of those securities for the treasury board and the trustees are the three big banks plus the Royal Trust Company which is a subsidiary of one of the banks. In this way the banks have a very powerful influence in the matter of monetary policy and for that reason I am rather concerned that the Bank Act should be renewed for one year without our knowing whether the banks are willing to cooperate with the government in bringing in a measure of controlled inflation to raise price levels, a thing

which the Prime Minister told us this afternoon was so necessary.

I have not time to go into the question of a central bank. I do not want to delay the house too long, because the question has been discussed here before. We should have a central bank to enable us to control inflation for the definite purpose of raising and then stabilizing price levels. Presidents of the Bankers' Association on two occasioans admitted before our committee that they never took that matter into consideration when they were granting credits. To-day it is generally admitted that the amount of credit available is the greatest determining factor in raising or lowering price levels. I would suggest that anyone who is interested should read the evidence given before the banking committee and particularly in 1928 when the president of the Bankers' Association made a very frank admission that they had given no consideration to the effect of their credit policy on price levels.

Just before I sit down, I should like to point out to the house that Mr. Roosevelt's action at Washington stands out, I think, in very broad contrast to the action and the attitude which this government has exhibited during the last two years. He has swung his country off the gold standard; he has come out frankly for a policy of controlled inflation. It is worth noting that the main measure under which this inflation is imposed is an amendment to the farm relief bill. We have suggested for two or three years that the way to help the farmer is to have a measure of controlled inflation, and we have been told that that would not conform to this country's policy of sound money. How is the sound money policy of this government going to be affected by this policy of the United States? Is our money still going to be sound, or may we not now frankly adopt the same measures which have been proposed by President Roosevelt in the United States. The president has been authorized to issue three billions of new currency, printing press money, and the people of the United States will be glad to get it. The Canadian people during the last two or three years would also have been glad to use two or three hundred million of printing press money, just as the people of the United States will be glad to use this printing press money in that country.

It is proposed under another bill in the United States to issue three billion dollars of government bonds to finance public works, and under another measure to grant five hundred million dollars direct to the different states for unemployment relief, those funds to be an outright federal donation to the various states. There is a complete justification, I submit, of the financial measures which we have been suggesting from this corner of the house during the last two years for the relief of agriculture and for dealing with the problem of unemployment.

I am not going to take up the time of the house any longer except to say that I do regret that the government has not held an investigation during either of the last two years and by now it could have been prepared to bring down a Bank Act in conformity with the needs of Canada. We brought in a resolution last year asking for an investigation by the banking committee of this house. That committee might very well have been set to work last year and have brought in a report to the house upon which a new act could have been based and introduced this year, or a commission might very well have been appointed last year.

I am very glad that the government has annnounced that they will appoint a royal commission. I hope that when that commission is appointed it will be composed of men who will make a thorough study of the question, that it will not be composed, as I said before, of orthodox Canadian bankers or of some of their hired economists because, if it is, the money spent on it will be thrown away. It is time that we had an investigation by men who, so far as the money and banking end of it is concerned, are free and not directly interested. I should like to see on that commission persons who really represent the people who are most affected by our banking policy. In Canada unfortunately we have left all financial policy in the hands of the banks. If they decide to create more money and more credit we shall have more to do our business with, and there will be more business and better prices. On the other hand if they decide to contract, it is just too bad for the people, but it will happen nevertheless. I do hope that when the commission is appointed men will be chosen who are independent in the sense I have mentioned, and that the government will appoint some men who are outstanding in the field of economics in the old country and in Canada as well.

I am not going to oppose this bill in any way. At this late stage I suppose we must pass the bill as it is presented, but I do hope that the commission which the government will appoint will be such that their work

will be of real value and will enable us to improve our banking system and to provide purchasing power sufficient to enable us to make better use of our resources and thereby improve our standard of living. That is the great problem of business to-day, and it is not going to be solved by the world economic conference, because that is a domestic problem. The work of the banks is chiefly domestic. The matter of controlling foreign exchange I submit should be in the hands of a central bank, and I was very glad to notice that in the speech which the Prime Minister made in Toronto some time ago he rather indicated that the time had arrived when we should at least consider the establishment of a central bank in Canada. I hope that he is favourably inclined to that suggestion, and that he will give to the appointment of this royal commission the very greatest care.

Just one other thought which comes to me, and which I should like to express before I sit down. I hope the rumour which I have heard is not correct, that after this commission has done its work and presented its report it is the intention of the government to have the new Bank Act brought in by way of the Senate and referred to a Senate committee, so that it will not be necessary to refer it to a committee of the House of Commons. That is a practice which is becoming altogether too common. I do not like it at all. It was done last year in connection with the Insurance Act. It was done this year in connection with the Railway Act and the Shipping Act, all very important bills. I do not think the House of Commons should allow that practice to grow, and especially when it comes to the Bank Act the elected representatives of the people should compose the committee to which the bill will be referred before it comes up for consideration by this house.

Mr. C. G. POWER (Quebec South): I should like to say a word before the second reading carries by way of concurring in the observations made by the last speaker (Mr. Coote).

An hon. MEMBER: Are you joining up?

Mr. POWER: I have no objection to joining up on that particular principle, whatever objections I might have on other principles. It appears to me that there is nothing more important to the people of this country than the postponement of the revision of the Bank Act. The operations of the banks are so mixed up with business generally that I do not believe there is any possibility of our business rising from the depressed state in which it is unless there is some reform of the abuses with which our Bank Act teems. Every business in Canada directly or indirectly is connected with the banks. In fact, I have heard it stated with some degree of authority that from fifty to seventy-five per cent of our business enterprises and our commerce are in the hands of the banks; so that if we propose to revive business the first step should be taken by going to the fountainhead, the banks themselves. The workers, the farmers and the business men of this country are all concerned in the Bank Act of Canada to a greater or less degree because owing to the ramifications of this act or to the manoeuvres of those who operate it they may be face to face with starvation or with a loss of their employment. I do not think it is going too far to say that a great deal of the distress which exists in Canada to-day is due to the harsh and ruthless policy of deflation which has been followed by the banks. I would suggest that the policy of governments to-day should be to reverse the process which we have been undergoing, and instead of carrying on the inflation of the banks and the deflation of the public, we should inflate the public and deflate the banks just as the public have been deflated.

The Bank Act was instituted and certain privileges were given to the banks in order that they might be of service to the people. But the contrary has been the case. Instead of becoming the servants of the people the banks have become their masters. There is hardly anyone in this country who is not in some way or other working for the banks. I leave it to any business man in this house, to any professional man, almost to any labour man, if he is not working for the banks, and I might almost add that the government and the House of Commons are working for the banks.

An hon. MEMBER: And getting paid nothing for it.

Mr. POWER: At the present time we are working for nothing, and may quite possibly thank the banks who will not let the government pay us any money. I suggest that a great many matters which come before us for ratification, such as orders in council, are passed directly in the interests of the banks. I suggest that if the government, through orders in council, has guaranteed certain loans to the wheat pools it was in the interests of the banks. I suggest that if the Manitoba savings office losses were guaranteed, it was in the interest of the banks. I suggest that if at the present time we find ourselves in an unfortunate position, so far as our railway com-

panies are concerned, it is because this country went into the railway business in order to save the credit of the banks. I suggest we have gone to the assistance of the dominion of Newfoundland—which was none of our business—in order to assist two or three Canadian banks. I am not sufficiently familiar with banking and its ramifications to be able to say, as has been said, that we have the finest banking system in the world. I am not attacking the soundness of our banks, because I do not know whether or not they are sound. I believe that under our legislation it would be impossible in any case for the banks to fail and, that at the present time they have their coffers filled with documents, which the Prime Minister called promissory notes, of municipalities, provinces and possibly of the dominion.

Not very long ago the attention of hon. members was directed to the monthly commercial letter of the Canadian Bank of Commerce dated May, 1932. Since that time may I add that the situation has changed, not for the better but for the worse. The following table will serve to show the composition of loans in Canada of the Canadian Bank of Commerce in the autumn of 1929 and at February 1932:

	Percentage of increase or decrease
Governments and municipalities.. ..	28.0*
Public utilities, insurance companies, trust companies, automobile finance companies, et cetera..	8.3†
Farmers and ranchers..	18.7†
Grain, flour, meats, et cetera..	52.6†
Manufacturers—Agricultural implements, iron and steel, mining, automobiles, textiles, wearing apparel, et cetera..	26.8†
General stores and sundry wholesalers and retailers..	51.4†
Lumbering industry, including pulp and paper..	30.8†
Contractors, builders, et cetera.. ..	28.6†
Call loans, loans on securities to security houses, underwriters, et cetera..	40.0†
Sundry dealers and traders, and individual customers of the bank throughout the dominion..	33.3†
Trade paper discounted, sterling and foreign bills of exchange purchased	52.4†

* Increase. † Decrease.

Hon. members will note that the loans to general stores, sundry wholesalers and retailers, those people who carry on the business which represents the life blood of Canadian commerce, have been decreased by 51·5 per cent. Those are the figures as of February 1932. Since that time I say the situation has been greatly aggravated. I have not the figures before me, and I do not know whether or not as yet they have been analyzed. The statement I have read deals only with the Canadian Bank of Commerce. But I would say that the loans to public institutions must have increased by May 1933 by at least thirty-five or forty per cent, and the decrease in loans to ordinary businesses, to traders, to the lumbering industry and to every other primary industry of Canada must have been enormous.

For those reasons I believe there should have been initiated at this session a complete study of our whole banking situation. I have no objection to the appointment of a royal commission. Such a commission could have supplemented the efforts of a committee of the house, and no doubt would have been of great assistance in giving technical advice. I fear, however, as does the hon. member who has just spoken, that in the composition of the royal commission those people most vitally interested in the banking situation will not be represented. The farmers, the small merchants, the workers—all these have suffered through a policy of excessive deflation carried on by Canadian banks. I fear that those people will not be represented, and further, that they will be unable to make their representations to the commission. It is very difficult for a man, who has hanging over his neck the threat that the bank can close him up next day, to appear before a commission and explain the situation as he sees it. I fear that the commission may tour the country from one end to the other and that those who are really in need of assistance through a revision of the Bank Act will not be heard, will be unable to have their views placed before and dealt with by the commission. Having made this statement, with the reservation that when the report comes in next year I hope hon. members will be permitted to use their own judgment and discretion as to the manner in which they will deal with it, and as to whether or not they will accept its recommendations, I desire to protest again against the postponement of the revision of the Bank Act.

Mr. H. E. SPENCER (Battle River): Mr. Speaker, I have been deeply interested in the remarks of the hon. members for Macleod (Mr. Coote) and Quebec South (Mr. Power). I do not rise at this time to object to the bill, because I believe we have gone too far in the session to be in a position to take any action whatsoever with regard to the revision of the Bank Act.

I should like to remind the house, however, that in 1923 when the present member for

Wetaskiwin (Mr. Irvine) introduced a resolution asking for an investigation into the basis of credit, its function and control and its relation to trade, we had a very interesting and valuable investigation. After the investigation had taken place many hon. members from this corner of the house together with other hon. members who sat on the committee, did their best to have the revision of the Bank Act postponed for one year, so that we would have an opportunity of going into the evidence which had been submitted not only by important witnesses from different parts of Canada, but by witnesses from the United States and Great Britain. We tried to secure a postponement at that time because we realized that a great deal of valuable information had been given, and that we would not be in a position to make proper use of it unless we had an opportunity for study. We were not given that opportunity. The committee was forced to go on with the revision of the Bank Act, and to say the least that revision was forced through as fast as possible.

Now that the government has decided to have a royal commission to investigate the problem of banking and finance I hope the same condition will not arise. I trust we will not be asked to go on with the revision of the Bank Act as soon as the report is presented. I hope the commission will get to work at an early date, that they will do their work thoroughly and that the report will be in the hands of the members in time to give ample opportunity to study it before we take up the revision of the Bank Act in 1934. If it is possible to have the report in our hands before parliament meets, all the better. If not I submit we should have it very early in the session, and that members of the banking and commerce committee at least will be given an opportunity to study that report before we go on to the next part of our business in connection with the Bank Act.

In studying the Bank Act next year I think not only should particular consideration be given to the problems of financing railways, fisheries, forestry, mining and industries generally, but I would point out that as far as the basic industry of this country is concerned, agriculture; the present banking system is about the poorest form of financing that industry could possibly have. I do not particularly blame these private institutions for not wanting to have much to do with agriculture, at the present time particularly, but the fact remains that the industry has to be financed. If we have a banking system that prides itself on making only short term loans for two, three and four months, when agriculture needs loans for at least six to twelve months and sometimes two or three years, and as the private banking system charges that industry the highest rate of interest, eight or nine per cent and sometimes more, it stands to reason that the industry has no chance to succeed. Therefore when the Bank Act comes up for revision we should see that arrangements are made that the banking system will finance agriculture suitably, or if it cannot we should find other ways and means of financing it. It is not necessary for me to go over the wide field covered so well by the hon. member for Macleod (Mr. Coote). I would only repeat in regard to deflation that whenever we deflate by a certain amount we increase debts to an equal amount. Otherwise, in halving prices we double debts.

Banks to-day are too inflexible. We had some very interesting information given us in 1928 when we had an investigation in the banking and commerce committee on that point. Banks may inflate or deflate against the interests of the country. We have to recognize that our monetary system is made up of three parts largely; the minted money, the printed money and the written money. We all recognize to-day that the written money, that based on ledger entries, and drawable by cheque, is over 90 per cent of the money we use. As the hon. member for Macleod reminded us, this money is brought into being through the action of the banks in making loans, which in turn increase deposits. I have in my hand a statement showing that deposits in 1922 amounted to $1,192,000,000. The actual cash at that time in subsidiary coin and notes was $229,000,000. In a speech made by Mr. Jackson Dodds, general manager of the Bank of Montreal before the board of trade in Winnipeg in March last, he stated that they made their loans from pre-existing savings deposits, I wonder how he got that understanding. We find that, although we only had $1,192,000,000 in 1922, we increased that by 1929 to $1,480,000,000, and we also increased the amount of notes and subsidiary cash from $229,000,000 to $247,000,000 in the same time. Apparently he has another guess coming. We all know that in good times the banks compete in making loans; in bad times they compete in forcing collections and destroying purchasing power. Yet they say competition is the life of trade. I would remind hon. members of the truth we all know so well, that directly we start to curtail credit, which curtailment is brought about by the banking system, we at once have a crash in

prices, and that at once reacts on unemployment and the army of the unemployed begins to grow.

It is not necessary I think for me to refer at length to the Finance Act, that also has been touched upon. However, I would like to remind hon. members that the Finance Act is more or less like a slot machine. When a bank brings securities to it, it gets dominion notes on a safe margin, and I have yet to find any limitation. We have been told until we are tired of hearing it that Canada's banking system is the soundest in the world. If it is not it ought to be, when it has the government of Canada behind it. If the banks of this country, being private institutions, can at any time bring securities to the treasury board under the Finance Act and get dominion notes for them, surely the country supports the banks. Therefore if the country is sound the banking system ought to be sound also.

If, when the commission does sit, inquiry is made of it as to the advisability of starting a central bank, it will recommend that a central bank be formed, as has been suggested so many times from different parts of this house. I see no reason why a central bank should not do a great deal of good in taking care of all government business. Why should it not take over the work carried on to-day by the treasury board? Why should it not take over the work of the central gold reserve? Why should it not buy and sell securities and so help to regulate the price level? Why should it not buy and sell foreign exchange? Why should it not have a monopoly of note issue? Is there any other business in Canada that as soon as it is given a licence to live has the huge privilege of being able to double its capital at the cost of printing and paper, a privilege we give the banking institutions? Lastly why should not the central bank be a depository for the total amount of money in our post office savings offices? These are some things that it seems to me that a central bank might do. Therefore in saying these few words in regard to this bill I hope that when investigation is made into this whole problem the members of this parliament, and particularly the members of the banking and commerce committee, will be given full opportunity and plenty of time to study the report before being asked to review the Bank Act in 1934.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, one has to go away from home to realize fully the value of the institutions of one's own country. As I listened this afternoon I did not intend to participate in this debate. But when I heard the attack made on our institutions, heard them held up to scorn as they were, I recalled a conversation of, I think, five days ago in which I was assured that if the banking institutions of the great republic beside us had been similar to our own they would not have experienced the difficulties that they have.

I was rather surprised at the statement of the right hon. gentleman who leads the opposition (Mr. Mackenzie King) that we as a government had not taken the initiative in connection with these matters as had been done by the President of the United States. Well, Mr. Speaker, the United States had no option. Their banks all closed; they had to, because the system was defective for this reason: They could lend money without limitation as to the character of the security upon which it was loaned. Having loaned money upon real estate in large amounts these depositors—who were not paper depositors or transfer ledger depositors, to whom the hon. gentleman has referred so often that it would be amusing if it were not so tragic—wanted their money, but when they drew their cheques for the money the banks could not meet those cheques because they had put the money into real estate mortgages. It became so serious that in the end every bank in the United States was closed.

I confess to being one of those who did not think the time would ever come when all the banks in the city of New York would close. When the governor of Michigan closed the banks in that state it became inevitable that the banks in the central west would close also, because in a general way we knew the character of the securities they held for their deposits, but I did not think the banks in New York would close. However, they did close. Who will compare for a moment at this time and under those circumstances the financial institutions of our country with those of the richest country in the world? I can assure this house—and I agree with the hon. gentleman who made the statement—that while one does not desire to talk about Canada having the finest banking institutions in the world, I do say that we have come thus far through a great crisis with singular credit to Canadian banking institutions. I will go that far. I may say also in reply to the right hon. gentleman, who suggested that we have been dilatory in dealing with these questions of banking, credit and currency, that in the early fall, when the session was to be called to deal with the agreements, the government discussed the matter very carefully not only among its members but with others as well, trying in a large sense to

gather some idea of world conditions. I am still convinced in my own mind, and I must accept much responsibility in that regard, that in view of world conditions as we saw them it was unwise for us to undertake a revision of the Bank Act during this session of parliament. My right hon. friend is correct when he says that when I spoke of two or three bank extensions I had forgotten for the moment that there were only two, one of which took place while I was still in the house. When I came to the house in 1911 the first one year extension had been granted; I just verified that by looking at the records. In 1912, as the right hon. gentleman has said, a further extension was made for one year. I was under the impression, though now I see that I was in error, that there was an extension in 1923. As a matter of fact such an extension was asked for but not granted; I think that is the correct way to put it.

At all events the government considered the matter, and I have no hesitation in saying to this house that the government did not decide to postpone that revision in any desire to escape responsibility or in an attempt to avoid grappling with the problem. That action was taken, as it would be taken again to-day under similar conditions, having in mind a fixed purpose. With respect to our banks and financial institutions some day I shall take the trouble to tell this country, and I hope this house, just exactly what actuated the government in dealing with these problems during the crisis through which we have passed. I can say to this house, however, that the broad general principle governing us was to maintain the integrity of our financial institutions. That also was the broad and general principle of the government of the United States, but conditions became such that they could no longer control them for the reasons I have indicated, not only with regard to real estate but with regard to loans on other securities as well. As a result the banks closed.

I think there is no way an individual could become more convinced of the wisdom of the course we took than by listening to the observations of great world financiers. I use that word in the broad sense, not with regard to bankers particularly but with regard to the men who have to do with the great currents of the world's exchange. We have not yet emerged from our troubles, but we have maintained the integrity of our institutions as well as, if not better than, any country in the world. That we can say. Our banks and financial institutions of all kinds have withstood the stress and strain of circumstances better than those in most countries. If anyone will take the trouble to look up the records he will find that I have never said we had a perfect banking system in Canada. Its weaknesses are apparent to every man, but its strength lies in the mobility of its credit, its credit structure and the ease with which deposits can be moved for the purpose of meeting difficulties at particular points. That always has been the great value of our branch banking system. Within the last week I heard one who is regarded as among the leading financiers of the United States say that sooner or later they would have to adopt that general principle. All the small state banks have fallen by the wayside, for reasons that are so obvious that I need not discuss them. I suppose most members of this house are familiar with the small banks in the different states of the union. I remember that the late Governor Leddy of Kansas, who settled in northern Alberta, gave me the benefit of his experience during the crisis in Kansas; he thought that small banks in different communities, with a capital of $25,000, would be able to effect great advantages to our new and developing country. As a matter of fact in times of prosperity that is largely true, but in days of adversity when the mobilization of credit becomes of very great importance it is not true. Results that have followed in the United States have proven the unsoundness of that faith he expressed. When you have four or five thousand banks failing to meet the cheques of their depositors you have a situation which not only brings sorrow and suffering to the people but which also strikes a tremendous blow to the national credit. The other day the United States prohibited the export of gold and stopped the redemption of its notes in gold. Some people fancy that this was a deliberate act; I heard an observation somewhat to this effect made in this house. That step was taken because of cold necessity and nothing else. The representatives of the republic of France and of the United Kingdom, who were at sea at the moment, of course were staggered by this happening, as naturally would be expected, but when the facts were disclosed to them they understood that there was nothing else to be done for the moment.

In this country, Mr. Speaker, we had a system in operation when the crisis developed. Speaking for the government, we had a deliberate policy, which I have indicated in a single sentence, and every action that has been taken and every step that we have advanced since the crisis came upon us, with its responsibility, was for the purpose of

maintaining that principle. There is no lack of credit in Canada; there never has been during the last two years. That statement may sound strange, but if hon. gentlemen will take the trouble to look at the bank returns they will see that the banks have more liquid assets than they usually have or than they desire to have. Then I may be met with the statement, which has been made by hon. gentlemen opposite this afternoon, that the banks are unwilling to lend money. It has been solemnly suggested in this house this afternoon that these deposits that we speak of are not real deposits at all, that they consist of the transfer of an entry in the books, by means of which credit is given to John Smith, thereby establishing a deposit for the amount of $1,000. Of course that is so. The bank marks down on the credit side of the ledger to my account, $1,000. It is true it does not make a direct appropriation against the deposit which the hon. member from Shelburne-Yarmouth (Mr. Ralston) may have standing there to his credit, a free balance of $2,000. The truth is that his free balance, to the extend of $1,000, has been loaned to me; and it is true it does not show that there has been a direct appropriation against his surplus or his balance of the credit which has been advanced to me. But it is true that against the surplus credits or deposits in the bank there is, as is indicated at once on the other side of the ledger, the liability to the depositors, it being shown clearly that there has been created, of course, what Mr. McKenna spoke of as a deposit. Every loan creates a deposit. Of course it does, if it is done through the banks, but it does not unless you go through the bank. He is speaking solely of banks. There is no deposit created unless the business is done through the bank, and because the bank—using the illustration used by Major Douglas—has ten accounts, each of £1,000, making a total of £10,000, when someone borrows £1,000 you have credits for £11,000, and so on. But he overlooks one fact which is vital, namely, that any one of the first ten may come to the bank and withdraw his £1,000, because that is what it is there for. That factor in the equation is not dealt with; no one seems to think it worth while to deal with it; yet that is a factor that determines the solvency or insolvency of the banks. That was the trouble with the banks to which I referred a few moments ago. The factor that must always be kept in mind in connection with these problems is the factor that arises out of the depositor writing his cheques and being able on demand to secure the amount he has on deposit in the bank; and that factor we have endeavoured to keep before us—some might say, perhaps, too meticulously. Possibly we have gone too far, it may be said, in our effort to protect the institutions of this country from disaster. But I say to my colleagues in this house: Difficult as our times are, and onerous as are our responsibilities, could anyone contemplate what those difficulties and responsibilities would be if the banks failed in this country? Yet an hon. gentleman will say, "There is no difficulty; all they have to do is to go and deposit securities under the Finance Act." But who bought the securities? They were bought with the money of the depositors; it is the investment which the banker made of his depositors' money in securities. Strange as it may sound, of the Liberty loans of the United States, fifty per cent and over are held in the portfolios of the banks, exclusively of the securities which they hold of states, cities and municipalities.

It is overlooked that the whole business of banking in Canada consists in the maintenance of an equilibrium between time loans and time deposits and demand loans and demand deposits, and if there is disturbance of that equilibrium, by which you lend overmuch on demand and you are unable to meet a situation that arises by reason of depositors requiring their money, you are in difficulties. That is the whole story, and our branch system has worked admirably in enabling the mobile use of funds from one part of the country to another.

I should like to make one further observation which is vital in a matter of this kind. Why should we postpone the renewal of bank charters at this time? I said a moment ago that we carefully considered the question and having regard to the chaotic condition of the world, we came to the conclusion, as is now being admitted by the very conferences that are being held in Washington to prepare for the economic conference in London—the conferences at Washington making no agreement but only coming to understandings—that the whole fabric of credit must now be sustained by world action. It cannot be done by the action of a single country. Now, I am one of those who have a considerable amount of confidence and pride in this country, but I am intelligent enough to realize that with ten million people, and with our accumulated wealth, we cannot go out and start a system on our own. That is the difficulty of my hon. friends opposite, to the right. One would think, to hear some of them talk about price levels, that all we had to do was to walk out and start a system of our own and up would go price levels. I heard an amazing thing

this afternoon from the hon. member for Macleod (Mr. Coote), who made the statement that after all price levels and matters of that kind were largely domestic problems. Why, sir, all you have to do is to pause and consider what the situation is to realize that no such observation as that could carefully or thoughtfully be made.

This country, in consequence of the great stimulation that came during the war to industrial and agricultural development, found itself after the war producing a tremendous surplus of agricultural products, so tremendous in fact that the carryover in Canada menaced the world's wheat prices and was a very great factor in bringing about the present disastrous condition. That was the situation with respect to one surplus product of this dominion, wheat. Industrially we became equipped to do justice to the demands of twenty-five million people rather than ten million. That is the reason I have always taken it that the right hon. gentleman opposite very properly directed attention to the continued importance of our export trade because, with the limitations imposed upon our consumptive power by reason of our relatively small population and by reason of our production being out of all proportion to that population, owing to the fertility of our soil and the resourcefulness of our people, and applying these facts equally to agriculture and industry, the maintenance of our export business becomes of the utmost importance. But does anyone suggest in this house that we can pull ourselves up by the bootstraps by issuing paper money in order to raise price levels in Canada?

What settles the price of wheat in Canada? World supply and demand, world requirements, not the requirements of Canada. What settles the prices of most of the commodities produced in this country? Notwithstanding the fact that we ourselves are very large users relatively, the truth is that prices are set in that way. But we do assist of course. The whole theory of the protected market—using the word protection in the broad sense and not in the narrow sense of party politics—the whole application of that principle is that we may be able to raise price levels to our own people and maintain them at a reasonable rate.

The other day some hon. gentleman raised a question in this house with respect to importations of New Zealand butter. Under the provisions of the treaty we made we were able to prevent that butter from being placed on the market, with the destruction of the price which the Canadian producer has been able to obtain for himself, and successfully, in this protected market. I mention that not in any narrow party sense as indicating division of opinion, because on that question there really is no division of opinion. Successive governments in this country, with the vast development that has taken place agriculturally and industrially, have had to find a way of ensuring that those who produce in Canada, whether agricultural or other commodities, should not be in any less favoured position than the people with whom they have to compete.

I agree that the banking system has much to do with credit facilities and the currency question, but what can these ten million people do unless through cooperation with the rest of the world? The whole purpose of the world movement at the moment is to bring about cooperation in that problem. I am disclosing nothing that has not been read in the newspapers when I point out, as every hon. member who has been reading knows, that the action taken by the United States is not what the hon. member for Macleod referred to at all. The printing press is to work, of course, but coupled with it is the provision that there must be retired every year four per cent of the issue. Even then, the matter has not been put into operation, and I hope to introduce into this house, before it rises, not a long measure to give effect to the principle in connection with a matter I mentioned the other day. But that is beside the question.

I only desire to point out that we arrived at our conclusion from our understanding—and naturally it is a limited one—of world problems. In the northern half of this continent, looking out upon the world, we can arrive at the best conclusions possible, only by applying the intelligence we have to the information we receive. But we were of opinion that a disturbance of the banking system, in view of what was taking place in the world, would not be advisable in the interests of what we had in mind, namely, the preservation of the integrity of our institutions and the preservation and, shall I say, harmonious development of our whole financial operations until we pass through this crisis. Events have justified us at least in part; I shall go that far. Thus far we have not been compelled to close our banks, nor have we seen any depositor in this dominion unable to have his cheque met by the paying bank when he presented it. This inability to pay is what caused the difficulties in other countries. When I hear an hon. gentleman say that there are other countries better off than we are and give an illustration—and I shall not give names, because it is unfair to

do so, as he has done—one country has a floating debt of £90,000,000 and it is concerned, of course, about what it is going to do in regard to the matter. A floating debt of £90,000,000 has been the net result of the financial operations of that country. It is unnecessary to refer to the other.

The next point we had to consider was this. We had arrived at the conclusion that it was desirable for the purpose of stability and the maintenance of our institutions, to proceed, shall I say, with as little disturbance as possible. Every hon. member knows exactly what I mean by that. There is an old saying: Don't rock the boat. Our position was to endeavour to maintain a measure of stability that would ensure the harmonious and ordered continuance of our institutions without having every man that had to do with the administration of them picked out as a thief or rogue or liar. Of course there have been abuses. But I disagree entirely with the statement that every man is working for the bank. All you have to do is to look at the great diminution in bank earnings to realize what I mean by that. All you have to do is to look at the provision that has to be made for bad and doubtful debts. Even in western Canada where I am privileged to live, do hon. members realize what the measure of loss has been between the lakes and the mountains in the past few years? If they did, they would not talk so glibly about some things. The loss is measured, not by a few hundred thousand dollars, but by millions and the money that is lost was depositors' money which had to be made up by appropriations from reserves, from the recovery of bad debts, over long years, in one or two cases over a century, the accumulation of money held in reserve for just such contingencies.

The second point is, that having regard to all these things, we decided to appoint a commission to investigate. We came to that decision last fall and it was intended that the Minister of Finance (Mr. Rhodes) would make the announcement in his budget speech. Circumstances perhaps compelled an earlier statement to be made. It will be within the memory of the house that one evening I adjourned the debate and said that if the Minister of Finance did not continue it, I would. The statement that we would appoint a commission was made by the Minister of Finance and we came to that decision because in England, where banks are joint stock corporations operating under the provisions of the general law and there is no renewal of charter as there is in this country, their Prime Minister, Mr. MacDonald, appointed a commission headed by Lord Macmillan as chairman for the purpose of inquiring into many of those questions. This is neither the time nor the place to consider in detail the recommendations of that commission. I think some extracts were given here that were taken from their context and I had the recommendations brought into the house for the purpose of indicating what they were. The matter is not important now.

We shall endeavour to give this country a commission of which it may have as just cause to be proud as the people of Great Britain were of the commission that was appointed there. It is not possible to appoint on a commission the representative of every person who does business with a bank, but it is important that there should be afforded an opportunity to present the viewpoint of every person that is affected and every person in this country is, as the hon. member for Quebec South (Mr. Power) has said, affected vitally. Every man who has a savings bank account is affected, and I wonder whether the house realizes just how many people have such accounts. The real truth is that savings bank deposits are the great artery which carries to their banks their life blood and I am told by those who, I believe, know, that if the savings bank depositors disturbed their deposits in the banks, the banks would have to curtail their business to a point where it would be quite impossible to carry on as they now do.

Keeping that in mind, I can only say to the house in general that we propose that the commission shall consider the Bank Act as such, the question of a central bank. I indicated that, as the hon. member said, in Toronto, and I indicate it again in the house. Much may be said against the central bank idea and much has been and will continue to be said for it. The question of the finding of capital for such a bank and the administration of it would have to be considered in the light of the experience, for instance, in the United States, with their central reserve banks during the period of this crisis. It is the considered opinion of many in the United States that had they had in their country the provisions of our Finance Act, their difficulties would not have occurred. I do not know; I express no opinion; I only say that that is the opinion given to me by fairly important persons in the banking business. But I promise you that I shall give this country a commission of which, as I say, it will have every reason to be proud. The point of first importance to me is that every interest in Canada should have an opportunity to make a statement and I trust hon. gentlemen in the far corner

opposite will have an opportunity to make their statement. It is no use quoting what Reginald McKenna or somebody else in London says about conditions in Canada. This country has peculiar problems, questions that are quite different from those of most countries. Here we have half a continent inhabited by about 10,000,000 people, and when you think they are carrying on operations so that they ocupy the fifth or sixth trading position in the world, you begin to realize the magnitude of the problem with which we have to deal. It is important too—and I trust every member of parliament will see to this—that the representations made to that commission will be made by those who have an intimate knowledge of the concrete working of our banking system. It is no use saying that banks charge 8 per cent when they should charge only 7 per cent. That only shows that this is a departure from the provisions of the statute. That is not the point. The point is whether or not we have taken by our legislation appropriate steps, shall I say, to safeguard, not only the interests of the depositors—and the shareholders—they of course have little or no stake in that phase of the matter because their money is locked up in bank premises and the specie that is held by the bank; if you will take the trouble to ascertain, you will see that—but the business of Canada. Banking in a large way is the business of Canadians. I have given much attention myself and so have my colleagues as to the personnel of that commission. If I were in a position to announce it to the house now, when we are seeking an extension of the Bank Act for another year, I would do so. It is perfectly clear that we must not confine it entirely to Canadians; that is obvious. On the other hand, it is important that its personnel should be such as would ensure knowledge on the part of the commission as a whole of the practical workings of our banking system. In other words, I think the banking interests should be represented at least for that purpose. Then you must have representation for those who are concerned in the working of the banking system as the users of it, not the makers of it, and above all we must endeavour, and shall endeavour, to ensure that those who direct the commission will see to it that an opportunity is given to everybody who so desires to speak with respect to banking from the standpoint of the country as a whole.

I think perhaps it is not fair to say that in any sense have we endeavoured to escape the responsibility that rests upon us because, barring accidents, in all probability the same government would be here in 1934, and they would have to accept the responsibility. So it was not for the purpose of escaping responsibility at all that the revision of the Bank Act was postponed but for the reasons that I have given to the house—an earnest desire to do what we conceived might be the best for the purposes of this country as a whole.

When the hon. gentleman referred to the assistance that was given by the dominion to enable the wheat pools and the savings banks of Manitoba or Newfoundland to function, when an hon. gentleman said, for instance, that when we gave our guarantee in connection with the savings bank of Manitoba we gave it in the interests of the banks, may I hasten to assure him that we declined absolutely to consider the proposition until there were 40,000 depositors who had in their possession books under which they were entitled, by custom rather than by the strict word of the contract, to write a cheque against that savings bank in Manitoba and against which there was not a single thing left in the till except the rattle of the I.O.U's. That was the position that induced us to take the step we did.

I am not going to go over the ground again with respect to the wheat pool operations. On Friday last the United States farm board, which had been dealing with the wheat problem, closed out their business after they had made a loss of $160,000,000, and had given twenty-eight million bushels of wheat to the Red Cross for distribution. Their loss on cotton is well known to this house. I shall not do more than say, with respect to our loans to provinces, that on Friday last the state of New York received from the Reconstruction Finance Corporation $9,000,000, bringing its total loans to $29,000,000, and Missouri and California were in the same position. What we have been doing the United States is only just beginning to do. With respect to the $500,000,000, to which the hon. member for Macleod referred, I do not think it has yet been settled that that is to be a gift, but just for the purpose of aiding employment in the states. That is the method that is to be pursued for the purpose of maintaining the autonomous position of the states, just as we have done of the provinces. Such assistance is being given by reason of the national character of the disaster in order to ensure that all shall be in some small way protected.

I trust that in giving the second reading to this bill to extend the period within which the bank charters will operate for another year the house will realize that the govern-

ment does it with a full sense of the responsibility that rests upon it and with an earnest desire on the part of the administration to provide facilities by which the Canadian people, speaking as a whole through the commission, may have an opportunity upon the evidence there adduced to report to those best able, best able I say, to make such recommendations to this house as will clothe the members of this house with that knowledge which is essential to arrive at a sound judgment or conclusion with respect to this matter.

May I, without being offensive, suggest that moderation in matters of this kind is desirable. When sometimes our statements made in this house with respect to our institutions are carried abroad, and our people are denounced in the terms in which they sometimes are, it must be remembered that the banks of this country are controlled in the end by the people who deposit their moneys with them. In other words, it is confidence that is entirely behind the maintenance of the structure of our banks. I said the other evening something about confidence plus being the important thing. The real fact is that since then the nations of the world are endeavouring to discover how they may be able to establish some method for controlling international exchange, using the word in the broadest possible sense, including moneys and commodities, and with respect to the one, when the hon. gentleman referred to the history of the United States in connection with its so-called inflation, the truth is that that republic is so rich, holding nearly half the gold of the world, that no method so far yet practised has reduced the value of its paper below one hundred cents on the dollar, nor is it apt to. You cannot quite say that with respect to anything else except perhaps the gold franc at something less than four cents. You have there an illustration of the value of confidence. They have the backbone of assets, real assets, assets of gold, which is the international medium or measure. On the other hand you have other communities, strong, vigorous, with great futures before them, but they have not the same assets immediately available for the purpose of giving that confidence which is essential in international transactions.

I can only ask this house and every member of it to look upon this measure for the revision of the Bank Act as something far greater than any mere party question. Any suggestion that may be made for permitting the representations of various members to be heard before that commission in order that every school of thought may find adequate expression will certainly not only be favourably considered by the administration but every effort will be made to see that those views are thus expressed.

Hon. J. L. RALSTON (Shelburne-Yarmouth): I rise, Mr. Speaker, to make a very few observations and to bring the house back to what is after all the question before the chair, and that is whether the charters of the banks shall be renewed for another year, notwithstanding the provision of the Bank Act which requires that every ten years there shall be a revision.

My right hon. friend the Prime Minister has wandered a considerable distance, but I have no doubt he was dealing with what has been said from different parts of the house this afternoon. We want to discuss this matter in moderation, and to meet his suggestion that the discussion be without party bias. But after all the real question is whether or not the government are justified in proposing at this time that the charters of the banks shall be extended for another year notwithstanding the provisions of the Bank Act. Searching my right hon. friend's speech for arguments in support of the proposition I for one, Mr. Speaker, find that he has almost overproved his case; in other words, that he has shown that the banking situation is so sound in this country and the integrity of the banks so unimpeachable, compared with the United States, that there should be no difficulty whatever in proceeding as usual with a revision of the Bank Act instead of postponing it for another year. I am not speaking in a sarcastic manner at all; I mean what I say. The Prime Minister has given every evidence that during his visit to the United States last week he heard such testimonials with respect to our banking system that we would be led to expect there would be no reason in the world why a revision should not be proceeded with in the ordinary way. No reason has been given by the Minister of Finance, and the only reason given by the Prime Minister was the statement at the close of his address that the government—and he took full personal responsibility—having regard to the chaotic conditions in the world, and the disturbance which would be created in our banking institutions, felt it would be inadvisable to revise the Bank Act this year. He did not tell us—and so far as I know it is not so,—that the banks have asked that the postponement be made. This is purely a move on the part of the government, because they feel a little timorous, if I

may express it that way, as to the results, the effects or the possibilities of an inquiry such as would be had before the banking and commerce committee. I do not suggest that the government feel these institutions would not come out quite all right, but at the same time they feel conditions are so distressing that such an inquiry should not be launched. I wish to present the other side of the shield, and to say to the Prime Minister that if the banks of Canada are in the position he suggests—and I have no reason to believe they are not; I would be the last to question the standing of our banking institutions—if the banking institutions are in this position, is it not the part of reason, wisdom, common sense and orderly administration to go ahead and do business as usual with regard to the Bank Act, and have the revision at the time and in the manner prescribed as has been regularly done in the past. Is it not better to do that, than to postpone revision for another year, on the ground that chaotic conditions and possible dislocations or disturbances to the banking institutions make it unwise to proceed. That is the point which appeals to some hon. members on this side of the house. When the Prime Minister suggests that a royal commission is to be appointed, I remind him, as my right hon. leader has already done, that a royal commission cannot take the place of an inquiry by representatives sent here by the people of Canada, men representing all shades of opinion and all classes. They should examine the monetary, financial and currency questions facing the country.

I say this to my right hon. friend and his government, that if there were no other reason for proceeding with a revision this year, than to afford a forum where members of this house and where the public could get information and could come face to face with the business leaders, financial men and bankers, a revision of the Bank Act would be justified. At a time like this, when economic conferences are being held in every club and every smoking car, every place where men congregate, when economic questions are constantly under discussion, a revision of the Bank Act would have been very proper and very useful. A great deal of information exchanged is, undoubtedly, misinformation; men are very much misinformed. I believe the world is reaching the point where nobody will boast of having much understanding in connection with these problems, but by meeting men who are expert in these matters and discussing with them economic questions, much good would be gained.

Just at this time, when the revision of the Bank Act is due, in accordance with the ten year provision, economists the world over are saying that even tariffs and debt settlements must take secondary place to a revision of monetary systems, in order that conditions may be stabilized. The Prime Minister speaks of the situation in the United States and the inflational or reflational action taken by the government of that country. He knows such action has not been taken only because of the situation which arose in connection with banking institutions. He knows it has been taken because of an international situation as well, and because of the position in which the United States found herself on account of her unit of currency being so different from and out of line with the parities in the rest of the world.

Monetary and currency questions are coming to be regarded as an important first step towards a revival of world trade. I submit there could have been no better place for a discussion of those problems, the presentation of all views with respect to them and for the crystallization of ideas and the possible emerging of some definite policies, than in the banking and commerce committee of the House of Commons, assisted, as it would be, by experts who would come before it to give evidence. I submit that by not having that done, the government is losing a great opportunity.

My complaint about the royal commission, outside of the fact that it is not as representative as would be a committee of the House of Commons, is that it is about a year too late. This matter has been before the countries of the world for some time. Men have begun to realize that monetary problems are very important so far as the rehabilitation of the world is concerned. Yet at this time the government does not propose to revise the Bank Act or to take any definite action with respect to the monetary situation; it only proposes to appoint a commission before which people may appear. This, in spite of the fact that in the country to the south of us most drastic and far-reaching action is being taken. I quite admit that those measures may not actually be put into effect, but at least the president of the republic is given power to act along the broadest lines, by way of deflation, or degradation of the gold dollar; by way of the issue, if necessary, of paper currency; by way of the redemption of treasury notes, and so on. Those are measures which would have shocked the world twelve months ago but are being provided for in the country to the south of us at the present time.

At this time therefore I rise to join with other hon. members on this side of the house in protesting against the attitude of the government with regard to the Bank Act. We take our position not because we are criticizing these institutions, but because we believe that by proceeding with the revision there would have been an opportunity for this House of Commons to do real work in connection with education and information, and perhaps evolving policies which would have been for the benefit of Canada in the crisis through which she is passing.

Hon. IAN MACKENZIE (Vancouver Centre): Mr. Speaker, I wish to make one or two observations on the second reading of the bill. I agree with previous speakers who have said that this is one of the most important measures we have had before us during the present session of parliament. This afternoon the Prime Minister (Mr. Bennett) repeated practically in detail an address which he delivered in this House of Commons in February, 1932. Having a somewhat tenacious memory, during the right hon. gentleman's observations I had the pleasure of reviewing what occurred upon that occasion. To-day we heard the same old shibboleths, the same old time-worn theories as we heard then. We have heard the defence of sound money outlined once again, and the gold mentality, which is absolutely inseparable from the right hon. gentleman, was once more apparent, as it was in February, 1932. The golden calf was once more trotted out for exhibition before the wondering gaze of the Canadian people.

What were the two objections of the Prime Minister to our daring to criticize the Canadian banking system? He told us in the first place that had the United States had the system Canada has had during the last few years she would not have had the same financial troubles.

Mr. BENNETT: I said that opinion was expressed to me. I did not say what my opinion was.

Mr. MACKENZIE (Vancouver): I am glad to understand that the opinion of the right hon. gentleman may be different from that expressed to him. We would not proclaim that our system as a system is not good; it is of course much superior to that of the United States of America—hon. members of this house I think all agree on that. But what we say is that our system is far from perfect. The right hon. gentleman speaks time after time in this house of maintaining the integrity and solidarity of our institutions, but we want something bigger than that; we want to maintain the integrity of our Canadian people, who to-day in my humble judgment are being driven to the wall, many of them made bankrupt, municipalities and provinces as well as individuals, by the ruthless policies pursued by the biggest monopoly we have in Canada, the Canadian banking system.

When the Prime Minister states in this house that the deposits in banks are the money of the people, may I, as one who has given some little study to our banking system, refer to what was said by the Macmillan committee in England in regard to how bank credit is created there. At page 34 of that report we find the following:

> It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft or purchasing securities a bank creates a credit in its books, which is the equivalent of a deposit.

I read this because it is the considered finding of a body of financial experts as to how bank credit is created under a modern banking system.

> A simple illustration, in which it will be convenient to assume that all banking is concentrated in one bank, will make this clear. Let us suppose that a customer has paid into the bank £1,000 in cash and that it is judged from experience that only the equivalent of 10 per cent of the bank deposit need be held actually in cash to meet the demands of customers; then the £1,000 cash received will obviously support deposits amounting to £10,000. Suppose that the bank then grants a loan of £900; it will open a credit of £900 for its customer, and when the customer draws a cheque for £900 upon the credit so opened that cheque will, on our hypothesis, be paid into the account of another of the bank's customers. The bank now holds both the original deposit of £1,000 and the £900 paid in by the second customer. Deposits have thus increased to £1,900 and the bank holds against its liability to pay out this sum (a) the original £1,000 of cash deposited and (b) the obligation of a customer to repay the loan of £900. The same result follows if the bank, instead of lending £900 to a customer, purchases an investment of that amount. The cheque which it draws upon itself in payment for the investment is paid into the seller's bank account and creates a deposit of that amount in his name. The bank, in this latter case, holds against its total liability for £1,900 (a) the original £1,000 of cash and (b) the investment which it has purchased. The bank can carry on the process of lending, or purchasing investments, until such time as the credits created, or investments purchased represent nine times the amount of the original deposit of £1,000 in cash.

Where, then, is the argument adduced by the right hon. gentleman that the deposits in the banks to-day under our banking system are actual money placed there by the Canadian public? They are nothing of the kind; they are a structure of credit raised up under the greatest monopoly ever given to financial institutions in this or any other country.

Mr. YOUNG: Will my hon. friend permit a question? In the case just mentioned, what would the bank do if the original depositor drew out his £1,000?

Mr. MACKENZIE (Vancouver): That question does not apply. There would be no bank. If my hon. friend had followed the quotation I read from the Macmillan report he would have heard the answer to his question. I would advise my hon. friend to confine his activities to the tariff, on which his views are much more lucid.

In regard to the proposed national fact-finding commission on banking and currency I desire in all sincerity to congratulate the government upon its establishment. I recall this afternoon that at the very first session of this house that I attended I advocated the establishment of a national fact-finding committee to deal with the entire basis of banking, currency and credit in Canada. I repeated that in the debate of February, 1932, and I agree with my hon. colleague to my left that the government should have taken action a year ago when we on this side of the house asked for the establishment of the commission which the government now says is to be appointed; I am afraid a year too late. Speaking in this house on the 29th of February, 1932, as reported at page 642 of Hansard, I used these words:

> I wish, therefore, that the hon. member had asked the administration to institute a great national committee along lines similar to the Macmillan committee in England, for it would have six or possibly nine months in which to deliberate. It would be a committee consisting of all those who represent banking and financial institutions, agriculture, labour and industry, and so on, so that we could have presented to parliament, if not during the present session, at any rate very early in the next session, a comprehensive report on the entire Canadian monetary and financial structure.

Then I think there was an interpolation by the hon. member for Weyburn (Mr. Young), and I used these words:

> Apart from agreeing with the hon. member for Weyburn (Mr. Young) in his contention that the high tariff barriers should be knocked down, I contend that one of the great necessities at the present time of the Canadian people is a real system of controlled inflation in regard to our currency and monetary system. The other day someone said something about a managed currency. In my opinion Canada has the best machinery in the world for a managed currency.

Under the provisions of our Finance Act. Then if I may be pardoned for one further quotation:

> Personally I agree we need in Canada more credit.

I disagree entirely with the observations made in this debate in February, 1932, that there was no lack of credit in the Dominion of Canada. This afternoon the Prime Minister asked if there was any shortage of credit to-day. To that question my answer would be this; I think every single individual, at least in my experience, would agree that there is a shortage of credit. Every municipality throughout Canada, and throughout the west in particular, is being throttled by the restriction of credit. The same is true of the four great provinces of western Canada which have been obliged to depend upon the federal treasury through failure of the ordinary processes of financing.

I have given these quotations to show that my personal attitude has always been consistent in regard to this question of establishing a national fact-finding commission. It is interesting, when comparing the banking systems of Canada and the United States, to recall that in 1869 the first currency committee of this house introduced a comprehensive report advocating the establishment in Canada of a banking system based upon the National Bank Act of the United States of America. That resolution was supported by the then manager of the Bank of Montreal and endorsed by the Minister of Finance. Public opinion throughout Canada became alarmed, resolutions poured into the house, the Minister of Finance was changed, and we had established under our first Bank Act of 1871 the principle of the branch banking system as against the unit system of the United States.

My fundamental objection to the Canadian banking system as such is this; I am convinced that the day has come in our present civilization that we must dissociate the two great fundamental functions of banking, that of the ordinary mercantile banker and that of control over national credit and national currency. The day has now arrived—and if this government will not see it done other governments will arise to do it—that we must have a central national bank, whether an independent bank or organized by the enlargement and development of the present system, a national bank to control national credit and national currency. That control is going to

be taken away from the money lenders of this dominion and all other countries in the world. As far as I am concerned I agree with my colleague to my left when he said that all the leading economists of the world are of the opinion that the monetary question is even more important than the tariff question. I believe the two dovetail to a certain extent, but monetary problems are the real problems to-day in this and other countries. I very largely agree with the statement of the Prime Minister that much must be done by international action, but a very great deal can be done by national action in Canada at the present time. I wonder how the right hon. gentleman, who is to represent this Canadian nation at an international conference on June 12 which is to deal with financial, monetary and economic problems, is going to represent the economic mentality of the Canadian nation by upholding a strict adherence to gold, which he illustrated by his speech this afternoon. I venture to say that if he went to the country to-morrow on a question dealing with financial reform the opinion of Canada would be five to one against remaining on the gold basis. That gold basis has been proved to be nothing but a sham and a myth, and it is so termed to-day by the leading economists of the world. I say to my right hon. friend that when he says gold coverage for internal currency must be tied up with gold for meeting external obligations he is going against the Macmillan report, the consensus of which was strongly against that theory. We must base our national financing upon our national credit; our national credit must be strictly under the control of our national government, which in turn is under the control of the people; we must not have our monetary system under the control of private individuals, no matter how sound our banking institutions may be or how strongly they may be entrenched or anchored in the vaults of the national treasury.

Hon. E. N. RHODES (Minister of Finance): I do not wish for a moment to be a party to the needless delay of the passage of the measure in which I am interested; in the ordinary course, following the remarks of my right hon. leader I should not have said a word. I do so now merely to deal with one point. Before proceeding, however, I must say that it was rather refreshing to hear my hon. friend from Vancouver Centre (Mr. Mackenzie), who presents his views with such vehemence, give his opinion with regard to the merits of our banking system, the gold standard, money lenders, money changers and so on immediately after his associate to his left said that the debate had been more or less out of order and that we should get down to the question whether or not we should continue the bank charters for one year.

In his objection to this procedure my right hon. friend the leader of the opposition (Mr. Mackenzie King) took as his first point the ground that the government ought not to have brought down a measure to extend bank charters for one year. I could not quite see the force of his objection. Of necessity it is incumbent upon the government to initiate a measure of this kind.

Mr. MACKENZIE KING: The statute has placed on parliament the duty of revising the act every ten years.

Mr. RHODES: The duty was upon parliament to revise the act in 1911, but the Liberal government of that day brought down a measure to extend bank charters for one year.

Mr. MACKENZIE KING: For the reasons I mentioned.

Mr. RHODES: Quite so. My right hon. friend thought it was quite fit and proper to extend the bank charters then, since the Minister of Finance and the Prime Minister were going to an imperial conference in London, but he thinks that we should not ask that the bank charters be continued for one year now in view of the fact that this year during the most interesting economic and financial period in the history of the world, a great monetary conference is to be held in London.

Mr. MACKENZIE KING: But the difference is this, that in 1911 parliament had to adjourn in order to permit the Canadian ministers to attend the conference in London, and there was no opportunity to take up the question.

Mr. RHODES: I am quite ready to admit that what my right hon. friend has said is true, but he says that it was quite all right for a Liberal government to bring down a measure to extend bank charters for one year because they wanted Canada to be represented at an imperial conference, but it is quite another thing when a Conservative administration brings down a similar proposal with regard to world conference during the worst crisis in the history of the world. The speech from the throne made the situation very clear; it said:

> You will be invited to extend Canadian bank charters for one year in order that parliament may be informed of the results of the proposed world economic and financial conference, to be called to consider financial, economic and monetary problems, before undertaking the decennial revision of the Bank Act.

Mr. VALLANCE: What date was that?

Mr. RHODES: That was in the speech from the throne. I have only this to say, Mr. Speaker: I do not profess for a moment to be competent to give an expert or even a fair, average opinion as to what ought or ought not to be done with this or that phase of the proposals with regard to banking and monetary questions. I do submit, however, what has been pointed out by the Prime Minister (Mr. Bennett) that we have in Canada, whatever imperfections it may have, a banking system that has stood the test of the greatest financial storms known in the history of the world. We must not forget that fact.

Mr. GARLAND (Bow River): May I suggest to the hon. gentleman that all he is now saying is that Canada stood the storm and the shocks. All Canada is now behind the banks; we are in the banking business but we have no direct control.

Mr. RHODES: My hon. friend has succeeded in having his opinion placed upon Hansard in the form of a question. I do not object; if he wishes to insert the word Canada I will agree. Canada and its financial and banking institutions have weathered the storm. However, I am not going to attempt to discuss the merits of the question. I venture to say that if the government had proceeded in the ordinary course and revised the Bank Act we would have been subjected to very great criticism for dashing into that revision at a time when we did not have the advantage of the findings of the world economic conference. My hon. friend from Vancouver Centre said he pointed out last year that we should have a royal commission; he agrees that this should be done, but the point he makes is that it is a year late. I will meet that argument by saying to my hon. friend that we have had the benefit of a year's experience, and we are in a much better position to deal with financial affairs in the light of that experience than we would have been a year ago. I am sure the people in the great republic to our south will approach these subjects in a much more chastened frame of mind than would have been the case twelve months ago.

In closing this debate, Mr. Speaker, I merely rose for the purpose of dealing with the question of the propriety of our asking that bank charters should be renewed for a period of one year. I am in perfect accord with the suggestion of the hon. member for Shelburne-Yarmouth (Mr. Ralston) that this is the sole subject that should be discussed on the motion for second reading. Having said that much I do not propose to be responsible for delaying the second reading of this bill a moment longer.

[Mr. Vallance.]

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Gagnon in the chair.

On section 1—Bank charters continued to July 1, 1934.

Mr. POULIOT: I have only a few words to say, Mr. Chairman, because my hon. friend from Quebec South expressed in much better language than my own some of the thoughts I had entertained in regard to this matter. The right hon. Prime Minister spoke of moderation, and I think this is the first time I have heard him mention that word in this house. He spoke also about attacks made by the opposition on our financial institutions. May I point out that in the House of Commons members of the opposition may not attack members of the government and vice versa, but regarding matters outside the house any member is at liberty to pass judgment on individuals who have served the government in any capacity, or on institutions, and in doing so he is not attacking anyone but merely exercising his right as a member of parliament to express his views conscientiously on all questions that come before the house.

There are two questions to be considered under this bill; first there is the postponement of the revision of the Bank Act, and secondly the manner in which the whole subject is to be investigated in the interval. As regards the postponement of the revision of the act, it seems to me that if the govenment had a strong policy on banking it could very well submit that policy right now. There are two ways of studying this matter; there is a regular way and an irregular. I thank the hon. member for Shelburne-Yarmouth (Mr. Ralston) for his support of my view, which is the view of many other hon. members. I think that the whole question should be submitted to a special committee of the house who could hear witnesses and pass judgment on their evidence. That is the regular course, which I think should be adopted. The irregular course is to appoint a royal commission. Who will be appointed no one knows. As my hon. friend from Quebec South has pointed out, it is difficult to select representatives from among the farmers and the small town and village merchants.

Mention has been made to-day of conferences. We have heard that the leader of the government is a superman. Now, those who will meet at the conference in London will be mere men, so that the superman will be very much above them. I remember that after the hon. member for Renfrew had said that Mr. Ferguson was so admirable the hon.

member for St. Ann observed that it was an honour for Mussolini to be compared with the Prime Minister. Well, if the Prime Minister is such an outstanding figure I do not see why he will take the trouble to cross the ocean to attend the world conference; he will meet only pygmies there. It reminds me of the Big Enders and the Little Enders; he is the Big Ender and he will meet the Little Enders. If he is the superman what is the use of his spending the money of this country to cross the ocean merely in order to meet narrow-minded people in London? He can give his views right now from Ottawa. I am sure they would be accepted the world over, and they would not only reflect great credit on himself but would establish his supremacy as the superman.

As regards inflation, I was much interested in the discussion that took place between the hon. member for Weyburn (Mr. Young) and my hon. friend from Vancouver Centre (Mr. Mackenzie). I believe these gentlemen should settle their difficulties between themselves. May I say once more, however, in the presence of the hon. member for Macleod (Mr. Coote) who is an expert on inflation, that the statement was made by him, in answer to a question I asked some time ago, that if the tariff barriers were lowered there would be no use for inflation. So that if the difficulties in connection with our present monetary and currency system are due to the tariff policy that has been adopted everywhere, it would seem to me that the moment every nation came to its senses and lowered its tariff barriers we ought to hear no more about inflation. If that were brought about I am sure my hon. friend from Macleod would realize how right he was when he answered so conscientiously the question I put to him on that occasion to which I have referred.

Mr. COOTE: I do not think my hon. friend has quoted me correctly. Although we might have free trade, I think this country has been deflated to such a point that we must have inflation to correct the situation. I was in error if I gave the answer which the hon. gentleman attributes to me.

Mr. POULIOT: Hansard is there and can be referred to at any time to show what the hon. gentleman said. I asked the question whether, if tariffs were lowered, there was any necessity for inflation, and the hon. member replied that there would be no necessity for it. The statement was made during the discussion on the estimates of the Department of Trade and Commerce. He said, "I believe that as soon as tariffs are lowered reasonably there will be no necessity for inflation." We have the proof of that in the fact that when trade was normal owing to a normal tariff we never heard a word about inflation.

Mr. COOTE: I am sure that before we get free trade in Canada we shall have inflation.

Mr. POULIOT: That may be so, but I have quoted what the hon. gentleman said a month ago as found in Hansard.

Mr. COOTE: The Prime Minister spoke of the terrific losses of the banks in western Canada. I am sorry to hear that. If it is true, I would lay the responsibility directly on the shoulders of the administration who, by their monetary policy, have endeavoured to keep us as near to world gold prices as possible. Their policy has kept prices of the products of the west to the point where the farmers are unable to pay back the loans made by the banks. Had the debt-paying power of wheat been as great in the west during the last two years as in Australia, the farmers would have been able to pay back to the banks a great many millions of dollars which they have been unable to return.

Mr. RHODES: I must raise a point of order. I regret to have to do so in the case of my hon. friend for Macleod, but I would have done it in the case of the hon. member for Temiscouata, who was entirely out of order. I must point out that the hon. gentleman is not in order, now that the committee is considering the bill, in replying to anything said in the debate on the second reading. I must raise the point of order if we are not to have a second, third or fourth debate in committee of the whole. The discussion must be confined strictly to the question before us, which has nothing whatever to do with the gold standard.

The CHAIRMAN (Mr. Gagnon): The point raised by the minister is well taken. It is now six o'clock and I trust that when the committee resumes hon. members will endeavour to be in order.

At six o'clock the committee took recess.

After Recess

The committee resumed at eight oclock.

Mr. COOTE: There are one or two questions I should like to ask the minister in regard to this bill which is to renew the Bank Act for a period of a year. Section 91 of the present act sets a limit of 7 per cent on the rate of interest which a bank may charge.

I just wanted to ask the minister whether he is aware that on many bank loans rates much in excess of 7 per cent are being charged, whether the inspector general of banks ever reports to him in connection with that matter, whether he has heard anything about it and, whether he does not think, before this bill is passed out of committee, some amendment should be made to section 91 so that banks will be compelled to comply with what is admittedly the intention of that section.

Mr. RHODES: Whatever merits the suggestion of my hon. friend may have—and I am not for a moment intimating that there are no merits in it—the fact remains that in a renewal of bank charters for a period of a year we are not attempting in any way to revise the Bank Act. If we started in on the question of amending this, that or the other section of the Bank Act, we would be attempting in committee of the whole house to revise the act without the matter going to the banking and commerce committee; so that his suggestion is not one which we could properly entertain in connection with a bill of this kind.

Mr. COOTE: When this matter was before the house either last year or the year before—and I think it was last year—the statement was made on more than one occasion by more than one member that the Bank Act would be up for revision this year. Many members admitted that section 91 should be revised so that banks would be compelled to remain within the limit of 7 per cent on loans made by them. Perhaps if I brought to the attention of the minister some of the rates they are charging, he might take more interest in the matter. The rates which I am going to mention are contained in a return which was recently brought down, a return which the banks make under a certain section of the act. In this return the banks are required to show the maximum rates of interest charged on the different classes of loans. They divide these loans into four classes: A, B, C and D. As I remember the matter, class A loans are for any amount up to $250; class B, for amounts from $250 to $1,000; class C, loans from $1,000 to $25,000, and class D, loans over $25,000.

On page 15 of the return brought down there is a class C loan, that is a loan between $1,000 and $25,000, which shows 10 per cent interest being charged on an overdraft. On page 16 of the return, the discount rate charged on a class B loan, that is on an amount between $250 and $1,000, for a period of one month, is shown at 9 per cent. On page 17 of the return a rate of 12 per cent is shown on a class B loan, a rate of 10 per cent on a class C loan and a rate of 8 per cent on a class D, that is for an amount over $25,000. On page 18, the return shows a discount rate of 10 per cent on a class B loan, that is an amount between $250 and $1,000, for a period of ninety days and a rate of 10 per cent on a class C loan, that is an amount between $1,000 and $25,000, for a period of ninety-one days. The rates which are shown in this return show clearly the need for revising that section of the act at this session of parliament. The business men and farmers of Canada cannot stand such rates of interest. The banks are taking an unfair advantage of their customers in charging such rates and that is the reason I am bringing the matter to the attention of the house.

Mr. HANSON (York-Sunbury): Does the return show whether those rates were for loans made in Canada?

Mr. COOTE. I am speaking from memory and I shall have to speak subject to correction, but so far as I remember all the loans I have mentioned were in Canada. I would like to ask the minister whether these rates have been brought to his attention and now that I have brought them to his notice, whether he will not consider amending this one section of the act. Many members, if not a majority of the house, felt last year that a general revision of the act would take place at this session and accordingly the matter was allowed to go over for a year.

Mr. RHODES: I can only point out again to my hon. friend that we are not amending the Bank Act except to renew the charters for a period of one year. I know quite well that on perusal of the return which my hon. friend received, he would be able to find instances showing a much higher percentage than those he has mentioned, but in most cases they have reference to loans for only a short period, some for only a few days, and the service charge, which is a proper one, I believe, in most cases at least, is included in the rate, thus making it a figure which, without examination, would appear almost fantastic. But I do not think this is the place or the time to enter into a discussion of that or any other aspect of the merits of the Bank Act as such.

Mr. COOTE: Surely this cannot be referred to in any way as a service charge, nor can it be regarded as fantastic, the rate is 10 per cent on a class B loan, that is a loan from $250 to $1,000, for ninety days. That is a

fair sized loan and for as long a period of time as most banks, according to their own statement, will lend money, yet they are charging 10 per cent when they should be charging only 7 per cent. Something should be done about this matter.

Let me draw the minister's attention to another one. On a loan of over $25,000, a rate of 8 per cent is being charged. On a demand loan of over $1,000 ten per cent is being charged. The instances which I have cited should convince the minister that, in spite of what he says about this not being a revision of the Bank Act but simply an extension, when we are in committee would be a good time to revise section 91. These rates are very unfair. If the minister will not do anything about the matter, I can only express my regret and assure him that I believe a majority of the people of Canada feel he should do something about it.

Mr. SPENCER: Supporting the hon. member for Macleod, I should like to remind the Minister of Finance that is 1932 I introduced into this house a bill to penalize banks which were charging more than the legal rate of interest of 7 per cent. At that time the committee turned it down with the excuse that the Bank Act was coming up for revision in 1933 and therefore the matter could be dealt with this year. The revision has now been put off for another year and I think the hon. member for Macleod is quite in order in bringing the matter up on the floor of the house at this time.

I would like to ask the Minister of Finance whether he can give us a definite answer with respect to the question asked him by the hon. member for Macleod; that is, does the inspector general of banks draw his attention to bank charges where there are those exorbitant figures above 7 per cent quoted by the hon. member?

Mr. RHODES: When the reply was made last year that the Bank Act would come up for revision this year, that was the ordinary expectation, and but for unusual conditions prevailing at the moment the Bank Act would no doubt now be up for revision. The representations made by the hon. member for Macleod and the hon. member for Battle River would very properly be considered at such a time. I may say to my hon. friend that while nothing can be done so far as amendment is concerned until the Bank Act itself is up for revision, I shall be very happy to draw the attention of the banks to the remarks of my hon. friends.

Mr. COOTE: I am sorry if that is all the minister is going to do about the matter. I have of course no doubt the banks will be duly advised by their friends in the house or the press gallery of the House of Commons of any remarks which I may make. The minister will not do anything about the rate of interest. I would draw the minister's attention to subsection 4 of section 91 of the Bank Act, which says:

> No bank shall directly or indirectly charge or receive any sum whatsoever for the keeping of any account unless such charge is made by express agreement between the bank and the customer.

It has been drawn to my attention that a great many banks in western Canada—I do not know about the east—are insisting that the great majority of their customers should sign such a form. I have recently received a communication from a gentleman in Banff in which he says that the bank manager presented to him the following form and asked him to sign it. The form is addressed to the Imperial Bank of Canada, and reads:

> In consideration of your keeping (at your discretion) a current account in your books in name of the undersigned, I-We hereby authorize you to debit such account with a monthly charge of $..... See schedule below. Dated at Banff this 10th day of March, 1933.

Then it says:

> Balance under $100 allowed 5 cheques per month.
> Balance under $200 allowed 10 cheques per month.
> Balance under $300 allowed 15 cheques per month.
> Over that number 5 cents per cheque with minimum of 50 cents.

That makes a very heavy charge against an account, five cents for the cheque and three cents for the government stamp, or eight cents for every cheque that is drawn. The customer is compelled to sign that form or have his account discontinued. It might fairly be said that this is a matter to be settled between the bank and the customer. I have no objection to that statement except that the banks on every occasion on which they have been before our committee have said: We are giving to the people in many parts of Canada a good many services, and for those services we should be allowed the privilege of note issue. They also say that they should be allowed to exceed the rate of seven per cent, which is stipulated in section 91. The banks are certainly not giving to the people any very great privileges at the present time. They are lending so little

money that they find it difficult to make their branches pay, and a great many of their customers are forced to pay this charge which I have mentioned.

Mr. BENNETT: Does the hon. gentleman say that that is general?

Mr. COOTE: I have seen enough of it to say it is general in the particular province in which I live.

Mr. BENNETT: I have evidence of it in only one place.

Mr. COOTE: I have had dozens of men protest to me against it, mostly small retailers in the town who are issuing a great many cheques. They have drafts coming due which they cannot meet, a good many of them, and they will pay $25 or $30 on these drafts, and the draft is sent back to the head office in Toronto or wherever it may be. The firm in Toronto makes out a new draft for another month, and the customer accepts it and when it becomes due pays off another $25 or $30. That process goes on every month, and these business men feel it a very considerable burden. One man told me, "I have discontinued my account at the bank, and I am keeping my cash, what I have, in the safe, and as my bills come due I go down to the bank and pay them." The banks are not fulfilling the function which they were intended to fulfil, and which I believe the majority of the members think they are fulfilling. They are making the customers pay these charges which they have put on in an endeavour to make their country branches pay their way. It seems to me that if the banks are going to continue to have the privilege of note issue and be allowed to charge rates in excess of seven per cent, and apparently they are for at least this year, they are not treating their customers fairly when they insist on this very high charge for keeping a current account. The result will be that they will educate the people to do without banks after a while. They have closed many banks in western Canada. A case in point is at Lundbreck. Some farmers who were dealing with the bank at Lundbreck will now have to go to Pincher Creek, which will be in a few cases as much as thirty-five miles from their home. When I took up this matter with the general manger of the bank in question he said, "These men have nearly all got automobiles, and it will not take them very long to go to Pincher Creek and see their banker once in a while, to renew their notes." But other bankers have told me that many farmers could not afford to run their cars any longer. Few of them have buggies in these days, and if they have to make a trip of thirty-five miles in a lumber wagon to their bank to renew their notes once a month, they are going to spend quite a lot of time on the road. I do not want to be unfair to the banks, but some of the banks are not very fair to the people in what I think are very small matters. The banks in a sense are semi-public institutions and should perform a public service; if they wish to do that, there are one or two things in which they might be a little more liberal in their treatment of the general public, particularly in the rate of interest charged, the service charges they are making, and the branches which they are closing.

Mr. BENNETT: I took the matter up with the banks as soon as the circular to which the hon. gentleman refers was brought to my attention. I am told it is not of general circulation, and that in fact it has been withdrawn. I do not know whether that is so in all cases or not, but certainly it came as a surprise to me, and I took the steps that I have indicated.

So far as the closing of branches is concerned, I just put this question to the hon. gentleman: Does he not believe that in the province in which we both live there have been entirely too many branch banks opened and that there has been nothing to warrant the continuance of many of them? The fact is that many of them have lost money, some of them substantial sums, because there were too many banks in the same community. If they make an arrangement by which they leave a particular territory to one bank, the bank is then charged with having a monopoly. The result is that no bank makes any money and all in the end get out, and if the service is to be given some arrangement has to be arrived at.

I share the views of the hon. member for Macleod in this: I have expressed myself very clearly and plainly that there is no warrant for banks in these days of depression doing other than making the greatest possible effort to serve the communities in which they are; I have personally taken such action as I could on several occasions to try to ensure that, and I shall continue to do so. You cannot, however, prevent freedom of contract, and sometimes the instances to which the hon. gentleman refers in which high rates of interest have been charged have reference to transactions outside of Canada altogether, as he knows. I had a case in mind the other day in which I had been told that a very high rate of interest had been paid. I found that $1 had been charged for the use of $50 for one month.

Obviously the rate of interest in that case would be $12 per annum on $50, or 24 per cent. That looks to be a scandalous transaction, but in point of fact $1 did not pay the bank. I took the trouble to investigate just what was involved. A promissory note was provided by the bank. The office was maintained at which the note was signed. Then an entry was made in the ledger by the discount clerk; cheques were provided free, and if the measurement of service can be approximated, as was done by the late H. C. McLeod of the Bank of Nova Scotia by a method that he himself established, it will be found that the bank made no profit on that transaction, leaving out any profit that might arise from circulation. I mean that the exact cost of the services rendered did not represent a profit, and the minimum charge of $1 is not regarded I believe as an unreasonable charge under those circumstances, although it shows a rate which I agree with the hon. gentleman is one that is calculated to bring distrust to many people. But you could not expect any bank to lend $50 at the rate of seven per cent for thirty days. That would amount to only thirty cents for the service which, of course, would mean a great loss.

Mr. COOTE: I was very careful, in selecting the few examples I gave to the committee, not to take any of the minimum charges which the Prime Minister has mentioned.

Mr. BENNETT: I understand that.

Mr. COOTE: If he would just allow me to repeat one or two of the illustrations he would see that I was very careful—

Mr. BENNETT: The Minister of Finance himself said that there were cases worse than the ones to which he referred. I agree he did not take minimum service charges, but I merely used those figures as an illustration which is sometimes used upon public platforms and elsewhere.

Mr. COOTE: I remember that ten years ago I found it very difficult to convince the chairman of the banking and commerce committee that banks were charging rates of 10 per cent and upwards. At that time I asked for a copy of a return under the section I now have before me, and we found where one bank was charging 15 per cent on a ninety day loan of an amount over $250. I dare say there are worse cases than the ones I have mentioned. But I was very careful to take the illustrations from the returns actually brought down in the house, so that no one would question the rate I was quoting. To the best of my recollection I would say these were all cases of loans in Canada.

Mr. GARLAND (Bow River): Following up the matter of interest may I ask the Prime Minister a question regarding two notes I now have in my possession? I am sure they will cause him the same concern they have caused everybody who has seen them. The Royal Bank entered upon an agreement with a man named Anderberg for the loan to him of the sum of $20. The original note was made out on June 16, was payable October 19, and had on the face of it provision for 8 per cent. At the end of the three months the man was still unable to pay and asked for an extension. Seventy-five cents was marked under the $20, and was carried forward in the new note. Another one was made out on October 19 running to December 5, and the account was paid in full on December 11. Seventy-five cents was charged in each case, or $1.50 for five months on a $20 loan, the note bearing 8 per cent interest. If hon. members will take the trouble to figure out the $1.50 for five months on $20 they will find that the rate was between 16 per cent and 18 per cent, despite the fact that the note was carrying 8 per cent. That is the sort of thing which people are suffering under certain conditions, at the hands of our banks in the west.

I have in mind another instance where a man had consigned 6,000 pounds of alfalfa seed to an association. He had a loan at the bank, and was unable to pay it in full. Finally, when the sale of the seed was completed the payment money was deposited in the bank, whereupon the manager simply seized the moneys without even consulting the person on whose behalf payment had been made. A protest was registered, but the customer was told that under the Bank Act the manager had a perfect right to take that course. Those are two illustrations which must indicate to the Prime Minister that his opinion with regard to some transactions is more than well founded.

Mr. HANSON (York-Sunbury): He has already said that.

Mr. GARLAND (Bow River): Yes, I know.

Mr. COOTE: I should like to reply to the Prime Minister concerning a question he directed to me about general practice in regard to charging customers on cheques. In the town from which I come at least twenty-five or thirty men mentioned this matter to me when I was home during the Christmas holidays. I am quite satisfied that at least in that part of the province the practice is general, and so far as I know practically everybody who does not keep a balance over $300 is being asked to sign these forms.

Mr. MacINNIS: I believe the Prime Minister stated, if I heard him correctly, that he did not think banks generally had adopted the practice of making charges for operating accounts. I have had several complaints from the city from which I come about this matter. I believe the situation in Vancouver in reference to charges is worse than that outlined by the hon. member for Macleod. A statement before me from one of the banks in Vancouver discloses the following charges:

Balances—	Cheques free	Charge for each additional cheque
Below $200	..	7 cents
$200 to $299	10	7 cents
$300 to $399	20	7 cents
$400 to $499	30	7 cents

I am told these charges have been made for the past two years, and in many cases without any express agreement between banker and client. It seems to me that banks should not expect a profit on every account. During the last two or three years, despite the depression, bank statements show profitable business. Further than that, in their charters they have received very substantial privileges for which they are supposed to give public service. At this time when their business is much better than other lines of business I do not believe it is proper to oppress the people further by these charges.

Mr. NEILL: I have had complaints similar to those mentioned by other hon. members. May I ask the Prime Minister if it was only recently that the banks indicated to him they would discontinue the practice?

Mr. BENNETT: If my memory serves me correctly the matter was first brought to my attention just before the turn of the year. I did communicate with the representative of the bankers' association, and my understanding was that steps were being taken to accommodate the situation to existing conditions. I believe that would be some time since the middle of January, but I cannot fix the exact date.

Mr. COOTE: I do not wish to delay the committee, and will take only two or three more minutes. One reason why some of my constituents feel the minister should exercise greater control over the banks, and bring them down to a rate of seven per cent is that financially the banks seem to be doing much better than any other concerns in Canada. Until very recently their dividends have been high. Some of our bigger banks have been paying all the way from twelve per cent to sixteen per cent during the last year. And when customers who are driven to the most extraordinary limits to keep themselves solvent at all find that banks are still able to pay these handsome dividends, they do object. Again I wish to say that the minister is making a mistake in not taking some action, particularly in regard to interest rates under section 91. It is quite within the competence of parliament to change that section of the act, and this is the year when it should be changed. I do not believe the banks would really have any reason to object to a change in that section.

Mr. RHODES: If we were reviewing the act the request of the hon. member for Macleod would be worthy of consideration. But we are continuing the charters of the banks for one year, not reviewing the act at all. If my hon. friend says the banks are earning 12 and 14 and 16 per cent, his statement is in effect not accurate. I am quite prepared to admit that it appears in the press that certain banks declared dividends at the rate of 10 and 12 per cent, but as a matter of fact I think it is unfortunate that the banks give publicity to statements of that character, because such rates relate only to the capital stock, without reference to reserve. A great portion of the reserves of the banks has been paid in in actual cash by shareholders, who also are subject at all times to the double liability clause, which is a real limiting factor on the rise in value of bank shares. As a matter of fact most of the banks make less than 6 per cent, even the banks which are reputed to be paying dividends at the rate of 12 per cent. I am dealing of course, with the dividend rates of some years ago; since that time they have been much less. I rise merely to correct the impression which seems to be more or less widespread throughout the country that the banks are making inordinate profits. They certainly are not as far as their total capital is concerned.

Mr. SPENCER: If there is a misunderstanding in regard to what the banks pay I think they themselves are to blame, because they take great care to advertise to the public how strong they are by being able to pay these rates of 12 and 16 per cent. I rise merely to remind the Finance minister that in his very polite way he did not answer the question that the hon. member for Macleod and myself asked a short time ago, but talked around the point. We would like to know if it is the duty of the inspector general

of banks, who was appointed, I think, in 1924, to bring it to the attention of the Finance minister when he finds the banks charging exorbitant rates above the legal rate.

Mr. GARLAND (Bow River): If the minister would kindly answer?

Mr. RHODES: I did not mean to be impolite to my hon. friends; I did not purposely avoid answering the question, but the acoustic properties here are no better than my hon. friend finds them down there, because we are equal distances apart. I may say that the inspector general of banks has not specifically directed my attention to anything of that character. It is true I have discussed with him the return as submitted to the house at the instance of my hon. friend for Macleod, but there has never been any report to me as Minister of Finance of inordinate charges in that respect.

Mr. GARLAND (Bow River): In view of the recent announcement that the banks are reducing their rate of interest on savings deposits, would it not be well for the government to take into consideration the use of moral suasion to induce the banks to reduce the rate of interest on loans? It would surely be in keeping with an intelligent monetary policy, and not a departure in any degree from the statement this afternoon in connection with the general world monetary situation as described by the Prime Minister. Section 1 of this bill, in spite of the thought in the mind of the Minister of Finance, gives power to parliament to consider and review the whole act. There is no question that we can review the entire act under this bill. I think the government owes it to the Canadian people to give at this time some definite assurance that it will do more than merely mention to the banks what has been said in this house about the question of interest and service charges.

Mr. RHODES: My hon. friend will realize that the reduction in the interest rate takes effect only as of to-day; he will find that a corresponding reduction in interest charges will be made in keeping with the reduction in interest on deposits. It will obtain in practically all cases immediately. I can quite understand that the banks in connection with certain accounts which would be expensive even at any reasonable rate of interest might have some hesitancy in reducing the rate. But on all provincial, municipal and other accounts where the conditions warrant it, comparable and even greater reductions will be made as of May 1.

Mr. GARLAND (Bow River): Is the minister intimating that the reduction will take place on an account carrying say five per cent, and that the reduction will be one half per cent?

Mr. RHODES: I am not in a position to go into details as to individual rates. I said a comparable reduction would be made, in line with the reduction in interest on deposits.

Mr. GARLAND (Bow River): Will it apply on personal accounts?

Mr. RHODES: I have already said it will apply where these accounts are of a class on which reduction is warranted. I have intimated that there would be some accounts that would be expensive even at a very high rate of interest.

Mr. SPENCER: May I ask what authority is going to see that these reductions are made?

Mr. RHODES: The banks themselves.

Mr. COOTE: I suggest that it would be much more effective and satisfactory if a slight amendment were to be made to section 91 imposing some penalty on the banks when they charge in excess of 7 per cent, except, if you like, in the case of small loans where a service charge might be allowed. From past experience, not only with banks but with other institutions, I think it would be much more effective to make an amendment in the act than to depend on moral suasion.

Mr. BENNETT: I do not wish to take up time, but the hon. member knows that the late Minister of Finance, Hon. Mr. Robb, endeavoured to deal with this matter, and he knows the result. The question of contract is governed by provincial laws; where the individual makes a contract for payment of a higher rate than that provided for by the statute it is held not necessarily to be illegal, and that the money could not be recovered by the borrower if it had been paid. That was the decision of the privy council in the Union bank case. Since then successive ministers have endeavoured to grapple with the question. The dual jurisdiction in connection with interest is a matter hon. gentlemen will have to deal with in connection with the bill introduced to-day. The question of contract is not within the jurisdiction of this house. The fixing of a rate beyond which a further charge cannot be made is. The opening words of the section to which he directed attention are placed there because of very definite constitutional inhibitions with respect to which I think the hon. gentleman is fully aware.

Mr. COOTE: May I ask a question on that? Seeing that the banks operate under a charter granted by the dominion, would it not be possible to insert in the act a provision which would in effect make it necessary for the banks to comply with any rate of interest which parliament in its wisdom might set?

Mr. BENNETT: I am only speaking offhand. In the case of the Union bank versus Tennant the privy council held that this parliament had the authority to do everything that might be incidental to the exercise of its paramount authority over banks and banking, and therefore could provide for security in form E of the Bank Act instead of taking chattel mortgages. Since then it will be remembered the house has provided that there must be registration books kept for that purpose. My answer to the inquiry would be that it is a legal question; my personal view—I am only giving it for what it may be worth—would be that this parliament has authority as incidental to the exercise of its control under the specific subsection of section 91 under which we legislate, to make such declaration as might be necessary in the premises.

Mr. SPEAKMAN: One point in connection with interest. I am sorry I had not known that this question would arise or I would have brought down with me to the chamber the report I have in mind. But in connection with the inquiry being carried on by the banking and commerce committee—and I shall make no further reference to it than this—we found it necessary to establish as definitely as possible the relative jurisdictions of the two governments, federal and provincial, in relation to the question of interest. So far as we could ascertain from every authority with whom we could consult in the matter we found that the federal parliament had almost complete jurisdiction over matters of interest. That seemed to be agreed upon by practically every legal authority whom we consulted. It was felt that we had almost complete authority over such matters as the rate of interest to be charged, the conditions under which interest could be paid and the times and places at which interest payments should be made. It seemed the consensus of opinion among those authorities that the authority of this parliament in that regard extended even to contracts made in the past under provincial law, whether mortgages or other forms of obligations. So far as we have gone—and I am not prepared to say that the final word has been uttered—there seems almost complete agreement with the idea that the entire jurisdiction rests with the federal parliament in relation to all matters of interest. If the committee can only succeed in having that one point established perhaps the inquiry might be of some value.

Mr. WOODSWORTH: Mr. Chairman, it seems to me a very extraordinary thing that we cannot get very far in any of these matters without coming up against this constitutional difficulty. Might I suggest that it is comparatively easy to get around legal and constitutional questions when the government so desires, and I think we would be on much better ground if we confessed frankly that economic power is a great deal stronger in this country than legally constituted authority. For example, when we came to the question of the savings bank in Manitoba we found it was quite possible for the banks to dictate the terms under which they would loan money to the government. We find that the banks actually told the premier of Manitoba when he was to summon parliament. According to the constitution, as I understand it, the calling of parliament is a royal prerogative, but in practice in this country it is within the power of the banks.

So I do not think we need worry very much about purely constitutional questions under circumstances such as those. Further than that, in regard to that very incident only this afternoon the Prime Minister said that he gave this help to Manitoba because of the desperate position in which the depositors found themselves. It is quite true that the depositors could not have gone in a body and secured their deposits, but on the other hand it is also true that the Prime Minister could have guaranteed the province, which he refused to do though he gave the same guarantee to the banks. Constitutional difficulties did not enter there at all, or if they did were seemingly swept aside.

Take the situation we face in my own province at the present time. The Prime Minister has warned, or threatened—I am not quite sure which word I should use—the provincial government that unless it balances its budget no further aid will be granted. He does not take into account all the sacrifices that this may involve, which may include the closing of our university or even our public schools, and possibly the cutting down of the old age pensions, which I thought was a matter fixed by statute some years ago. Whatever the sacrifices, however, it seems that we must balance our budget, and the threat is that a comptroller will be put in if that is not done. From my standpoint

that is clearly an invasion of provincial rights as guaranteed by our constitution, and I think this is most serious. If in effect we are to be told by the Dominion government whether or not we may have schools, whether or not we may continue to keep our hospitals open, whether or not we can provide for various charitable institutions, whether we are to have highways and all that kind of thing, it is very serious. Constitutionally all that sort of thing comes within the range of provincial authority, but practically the provincial government is told what it must do.

The Prime Minister may say in reply that it is the creditor who is in a position to determine under what conditions loans may continue to be extended, and in that way he may shield himself behind the banks. I do not see why we should permit that situation to continue indefinitely. It seems to me that if we had a Prime Miinster who had at heart the interests of the great masses of the people he would be able to tell the banks very definitely what they should do in such matters, and I do not think the constitutional question would enter very much. So I say it seems in this country that economic power is much more fundamental than legal or constitutional power, which can be readily swept aside when it is desired that this should be done.

I do not see how the Minister of Finance can very well dissociate the revision of the Bank Act and the granting of these charters; the two go together. The charters are exercised under certain conditions. A few years ago when we introduced amendments to the Bank Act we were told that we should postpone any such amendments until the decennial revision, that this was only two or three years away and that then we would be given a chance to go into the Bank Act. Now we are told that for another year we must continue to suffer under the present act, with all that it involves. I know the Prime Minister can say, and I have no doubt he sincerely thinks, that we must maintain what he calls our Canadian institutions for fear of disastrous consequences, but I submit that these institutions were set up to serve the people, and I do not think it can be said that they are serving the masses of the people to-day. If the banks had been doing the right thing we would not have had all these speculative disasters; we would not have had all the losses on the part of thousands of people through certain investment houses, through speculative enterprises, through the overcapitalization of certain pulp and paper companies and other corporations, the failure of which has taken place in the last few years. Now the banks are to be continued in a position in which they may exploit the people in this way; they have that power. The Prime Minister seems to think things should continue as at present, that only a few cranks venture to criticize the banks. As a matter of fact a great many people across this country, business people as well as those so called cranks, are criticizing the banks to-day in private at least, and they would criticize them in public if they dared do so. We are all acquainted with the fact that many business men, indeed men in all walks of life, are so tied up with the banks that they hardly dare come out and criticize them as they would like. In spite of this we are asked to continue this sort of thing for another year.

It is very easy for the Prime Minister to tell us that our banks are in a sounder position than the banks of the United States. I am not sure that the Canadian people generally are so much better off than the people in that country, and even if we are better off it is admitted that conditions to-day are anything but satisfactory. As a matter of fact the banks have a monopoly of the most important functions existing in our country. The bankers are entirely irresponsible, and I use that word in its correct sense: they are not responsible to the people. They can do as they please, and apparently this government refuses to exercise any coercive power over the banks. I think it is pretty generally recognized that the government itself, in financial matters, very largely founds it policies on the recommendations of the banks. It has been so for years, and I am not blaming this administration for it. That this has been the situation anyone will recognize who has followed the various banking committees we have had in the past and the various government policies in so far as they have related to finance. I take it then that, under the Bank Act, by means of these charters we have placed the financial system, which is fundamental to the whole business life of the country, under the control of an irresponsible group of people. They have not even the traditional ideals of responsibility as the Bank of England.

And I come now to another point. These bankers are not dissociated from particular business enterprises, as we in this corner have again and again pointed out; we have shown something of the interlocking directorates that prevail to-day. I do not think it is necessary to take up the time of the committee going over this again, but we all know that the men who are in control have their own personal interests at stake. The outstanding example is Sir Herbert Holt. I remember

putting on the record years ago about one hundred and fifty companies, of each of which he was a director; and I say that a man who is a director of a large number of corporations, or even of a smaller number, cannot act distinterestedly when it comes to a question of banking policies. It is impossible for him to do so. Yet we are continuing to allow men, who before ten years are over will be regarded as little less than financial pirates, to maintain their monopoly. That is what in effect is being done by the extension of these charters.

There is another matter which I would point out. Although the bankers are in one sense irresponsible, and although they are interested individuals, we have given them a semi-public position. They have very great powers. The other day, when the Prime Minister was talking about gold coverage, he said nothing with regard to the powers that might be exercised under the Finance Act. I do not think he was in his place when subsequently I spoke about the power that was given under the Finance Act to loan money upon certain securities. The people who determine how much money shall be loaned, what the value of the securities shall be, are the trustees of the gold reserve, and the trustees of the gold reserve, I would point out, are the Royal Trust, the Bank of Montreal and the Royal bank. I think that if that one fact could get across to the people of Canada there would be something very much like a revolution among the business men of the country. Hon. gentlemen have talked frequently about the danger of a revolution among the labouring classes, the people who are down and out, the unemployed, but I take it that one of these days there will be something of that kind among the business men of the country when they realize that certain people are privileged to go to the government and obtain money from them on loan at a very low rate of interest, and that the value of securities as well as the amount that can be given out is determined by the bankers, who themselves are interested parties in this matter.

That situation is out of keeping with the fundamental principles of justice and good government as generally recognized. It is permitted to continue simply because we have two or three different acts that are not directly related to one another, or do not appear to be directly related, so that in this way it is not quite apparent what is going on. It is a very serious thing when the government asks us to delay for another year this much needed reform in monetary control, leaving in the meantime a particular group in the community in the saddle.

It may be said, and it has been said, that on account of the extraordinary world situation this policy is necessary. I would point out that the extraordinary world situation has brought this country to the verge of bankruptcy. The extraordinary world situation has put 1,357,000 people on public relief and I do not know how many more under private charity. It is all very well to talk about tiding things over, but think of the price we are paying in order that we may do so! And why all this sacrifice? In the hope that the institutions as now established may be continued indefinitely. Well, about the only consolation we have is that this one year of delay may give us fuller opportunity to rally the forces so that that there may be a protest from one end of the country to the other, a protest that possibly may result in more far-reaching changes than would be possible if the Bank Act were revised this year. That is about the only satisfaction I can find in the present situation.

It seems to me that the situation in Canada, although it may have been very good for the banks, is disastrous for the country. I cannot think that the resolutions that may be passed at the world economic conference will be likely to change that situation materially so far as Canada is concerned. I cannot see why, as my colleagues have suggested with regard to certain matters that are pressing upon us very definitely, local matters such as the rate of interest, we should delay another year before having these things rectified. The fact that the government is standing pat is for me—this is an opinion if you like—another indication of how closely the government and the bankers are associated and how necessary it is that we should put up a strong fight right across the country in order that the common people might be delivered from what I regard as a tyranny, a tyranny not of some governmental body, not by one particular party, but a tyranny of financial interests. Unless there are modifications in the very near future I fear that the overthrowing of the tyranny may be disastrous to the welfare of the country for years to come.

Again I urge that the house should consider very seriously the consequences of permitting to continue for another year a policy which we know very well has already come near to the wrecking of the business life of the country.

Mr. BENNETT: I must correct one or two misstatements on the part of the hon. member, whether deliberate or not I cannot say. He must have read the correspondence that took place between the federal government and the government of Manitoba. It was distinctly pointed out in the letter that if the province balanced the budget within a million dollars it would be thought that it was doing satisfactory work.

Mr. WOODSWORTH: I do not hear the right hon. gentleman.

Mr. BENNETT: The letter dispatched to Manitoba provided that if the budget was balanced within a million dollars it was regarded as being a fairly good result. The situation is not as it was put to the house a moment ago. In the second place, with respect to the appointment of a comptroller, it was pointed out that the province would have to appoint a comptroller and not the dominion. The legislature must take steps and not this parliament. There was no interference with the legislative jurisdiction of the provinces.

Mr. NEILL: It has to be satisfactory to the dominion.

Mr. BENNETT: Exactly; the hon. gentleman quite appreciates the point. I merely desired to make that correction, because it would be very injurious to the country as a whole that a statement of that kind should be made which is so wholly at variance with the facts. The other statement with regard to the placing of value upon the securities under the Finance Act I am also compelled to correct. The market price of securities that are available for that purpose is established. It is something that is established in the markets of the world. It is only the limited classes of security that are available. That part of the matter is not important. The question of commercial paper—and there is a limit upon the kind that may be used—may be open always to discussion and that is to be settled by the authorities set up under the act. That is a matter of very great importance, and that this country should be led to believe the statement just made is correct, would do, I suppose, just what the hon. gentleman has suggested, that is, arouse great indignation on the part of the Canadian people. I correct that statement also.

I am not going to traverse what has been said with respect to the other matters except to refer to the Manitoba savings bank. In the first place the law does not permit it to be called a bank; neither can the province of Ontario call its savings institution a bank. I am not responsible for the constitution which in 1867 divided the jurisdiction between parliament on the one hand and the provincial legislatures on the other. The constitution says that the legislature shall deal with property and civil rights exclusively, but the parliament of Canada, under section 91 of the British North America Act, has exclusive jurisdiction to deal with banks and banking as well as with interest. It has not been decided by any case of which I know, despite what the hon. member for Red Deer has just said, that it would be competent for this parliament to declare that a man living in Alberta could not make a contract to pay to anyone who would lend him money, a rate of 8 or 10 per cent. There have been made by statute inhibitions with which the courts have had to deal, but the constitutional position to which the hon. gentleman so scoffingly refers is one that, I think, it is always well for us to keep in mind. Whether or not the federal system is good or bad is, as an hon. gentleman opposite said some weeks ago, not the issue. Whether you can nationalize everything and destroy by one stroke of the pen the federal jurisdiction and merge those of the provinces in a new body, is not for me to say, beyond this: that all domestic problems and questions, including contracts and the making of them and the instance of contractual relationships, are under our constitution vested in the provincial legislatures, and under the federal powers we make laws with respect to large matters affecting the nation as a whole.

I am not for a moment seeking to escape the question that was asked, whether constitutional considerations should be permitted to have importance when one is dealing with matters of this kind. My answer to that is: No consent on our part nor that of others can make invalid that which by our constitution is valid, and no consent on our part can make valid that which under our constitution is invalid. The question of validity or invalidity is one not for this parliament but for the courts, and when I indicate that the courts have decided that the real issue in a case of this kind is whether, in the exercise of its powers, the province has its exclusive authority encroached upon by a dominion statute or whether our exclusive dominion jurisdiction has been impugned by a provincial statute, the question always is, in the first analysis, as Lord Haldane once said, one of fact. After you have settled the character and type of legislation, you must determine the other questions that are involved, the extent to

which there has been impinging upon provincial powers by the dominion parliament beyond the extent that may be necessary for the purpose of validly exercising exclusive federal powers. I am not going to traverse that, but I desire only to make these corrections of what has been said in order that revolution may not be predicated upon an improper conception of the fact.

Mr. WOODSWORTH: I am very glad to accept those very mild corrections which do not in the least touch the main phases of my argument. May I venture, just in order that side by side with the Prime Minister's statement, there may be the wording of the act itself, to quote from section 6, part II of the Finance Act, as follows:

Such securities shall be deposited with the minister or with an assistant receiver general; and the minister may request the trustees of the central gold reserves to make a valuation of and recommendation as to the amount which in the judgment of the trustees may properly be advanced on any securities offered in pledge under this part.

I think that is quite in keeping with the statement that I made. Let me further quote a statement made by the Right Hon. Arthur Meighen before the Bankers' Educational Association in Toronto on January 21, 1931:

Under the Finance Act of later years, our government was authorized to advance to banks against specially named classes of collateral government notes by way of temporary loans and no provision was made for a gold reserve against these notes. . . . As to the money advanced under the Finance Act it is indefinite, consequently loans of unstated amounts, without limit, depending wholly upon the discretion of the Finance department, can be made without a gold reserve.

I think those words of Mr. Meighen are very clear.

As to the money advanced under the Finance Act it is indefinite, consequently loans of unstated amounts, without limit, depending wholly upon the discretion—

And so forth. Who are the trustees of the gold reserve? The other day the Prime Minister, as reported on page 3511 of Hansard, said:

The trustees are the Royal Trust Company, the Bank of Montreal and the Royal Bank of Canada.

With regard to the situation in Manitoba, it is true that the government was to be allowed a leeway of $1,000,000, but I think I am not very far wrong in saying that this is practically the balancing of the budget. May I call the attention of the committee to what anything like balancing a budget really involves? I would like to read two or three paragraphs from the letter of Mr. Bracken:

The three provinces are therefore temporary victims of the demoralized revenues, almost wholly due to world conditions, but more serious in certain areas by other abnormal circumstances already fully recognized by your government.

Again:

At the same time the provinces are simply customers of our banking institutions, with distinct and definite credit limitations, at a time when we are advised that our provincial securities can probably not be sold at all, but if so only at prices which will impose abnormally large increases in public debt charges.

There is the situation to which I was was referring. We are existing under a monopoly and under conditions which are not due to the provincial authorities, but which are, at least in my judgment, greatly exaggerated by the policies of the Dominion government. There is the position in which we as a province find ourselves at the present time. Mr. Bracken goes on to refer particularly to the past immigration policies of the federal government. He says:

We definitely face the following alternatives:
(a) To very seriously reduce our expenditures for schools, health institutions, old age pensions and mothers' allowance, or
(b) To default on exchange payments of either exchange premiums, or interest, or both.
We respectfully suggest that the adoption of the first alternative to any substantial extent would involve not only grave social disturbances but disastrously affect the morale of our people, already at a low level. As the total capital debts of the provincial governments and urban municipalities total over six hundred millions of dollars, the latter alternative should be avoided if at all possible.

This was the request:

(a) That the federal government advance us against treasury bills, the money required by municipalities and provincial governments, to meet expenditures for unemployment relief, at least until such time as our securities can be sold on a reasonable basis.
(b) That the dominion proportion of direct relief costs should be at least 50 per cent rather than 33⅓ per cent as at present.

This seems to me to be an eminently reasonable request. Later on in another letter there is given some indication as to what the extreme economies insisted upon by the Dominion government would mean:

Realizing the necessity of maintaining our relief services and since the bank has advised that it will not extend further credit, there is at present no other alternative but to accept

your conditions. We shall therefore, put into effect the further reductions in the estimates tabled in the house, as follows:

Road maintenance.. .. .. (Already reduced $450,000)	$ 100,000
University grant..	50,000
(Already reduced $200,000)	
Vocational training..	36,000
Members' indemnities..	7,000
(A second reduction)	
Agricultural fairs..	37,000
(A second reduction)	
Old age pensions..	314,000
School for the deaf..	40,000
(A second reduction)	
Mothers' allowances..	25,000
(Already reduced $80,000)	
Miscellaneous reductions including the following items: aids to municipalities, agricultural representatives, employment service, costs of government house, forest protection and reductions in staffs of natural resources and attorney-general's departments..	41,000
Total..	$ 650,000

It does seem extraordinary that the Dominion government is standing behind the banks in forcing Manitoba to retrench even in mothers' allowances. We are taking it out of the very food bill of the mothers and their children. That is an intolerable situation. Surely the province has the right to decide how we are to take care of the mothers and the families in our own community. But under these conditions we are handed over to the tender mercies of the banks, and the government conceives it to be its duty to stand behing the banks. In this way I urged that the provisions of the British North America Act are being practically ignored. I have no doubt that the Prime Minister would take very good care to see that the provisions of the British North American Act were technically and legally adhered to, but I say that practically he is ignoring the provisions of the British North America Act, and this government is interfering with the interests of the most helpless part of our population.

I do not quite know how the Prime Minister is going to account constitutionally for the reduction of old age pensions. I had thought that in this house we passed and Old Age Pensions Act with certain definite provisions, and that following the passing of that act agreements were entered into by the dominion government with the various provinces. I cannot quite see how it is constitutional for a province to alter the terms of that agreement, or even for this government to permit the variation of the terms of that agreement. Again I may point out in passing that at the last election the present Prime Minister promised that the Dominion government would take over 100 per cent of the cost of old age pensions.

Mr. BURY: I rise to a point of order, Mr. Chairman. For an hour and a half the members of this committee have been listening to a discussion that was absolutely out of order at the commencement. There is surely a limit. The members of the committee have rights that should be protected. I rise to protest that the hon. gentleman has been out of order almost since he commenced to speak, and that he is outrageously out of order now.

The CHAIRMAN: On what ground?

Mr. BURY: Not merely is he not discussing the Bank Act, but still less is he discussing clause 1 which is before the committee.

Mr. WOODSWORTH: I submit that I am in order, Mr. Chairman. I am trying to discuss the present Bank Act and its results. I would point out that Manitoba is paying six or seven million dollars in interest rates, and that it can no longer continue to pay those rates. I think I have a right to protest against the extension of the bank charters until such time as we have some understanding in regard to these matters. I think therefore I am perfectly in order.

The CHAIRMAN: This is a bill to amend the Bank Act. Clause 1 is very wide in its scope. Its purpose is that the bank charters shall be continued to July 1, 1934. As I read the clause it is very wide, and I think all the provisions of the Bank Act could be discussed upon this clause.

Mr. BURY: Does the chairman hold that old age pensions, the attitude of the government on old age pensions and its present policy on old age pensions come properly under a discussion of the Bank Act?

The CHAIRMAN: That is going pretty far. Certainly old age pensions would not be covered by section 1 of this bill.

Mr. WOODSWORTH: I submit, Mr. Chairman, that I am not discussing the Old Age Pensions Act as such.

Mr. BURY: You were a few minutes ago.

Mr. WOODSWORTH: I am not discussing it as such. I am referring to the present policies of the banks as they affect the government of Manitoba, and I think I have a right to give these illustrations. If the present conditions continue even for another year a large section of our population will find them-

selves in a desperate plight. It was in that connection that I mentioned old age pensions.

If I might be permitted to finish what I was saying, I do not see how the Prime Minister can defend the position into which he is forcing the provincial government in regard to old age pensions. We passed an Old Age Pensions Act, and subsequently the Dominion government made certain regulations and entered into certain agreements with the provinces. At the time of the election a few years ago the Prime Minister promised that the Dominion government would pay 100 per cent of the cost of the old age pensions.

Mr. BURY: Do I understand that that is in order, Mr. Chairman?

The CHAIRMAN: I am just waiting for the hon. member to finish his idea.

Mr. WOODSWORTH: This government refused to implement that promise; the burden being on the provincial government it has to borrow from the banks; the banks refuse to continue to lend, and when the province makes an appeal to the Dominion government the Dominion government practically says to the province: You have to balance your budget or come within a certain distance of doing it, or we will put in a comptroller; or technically, as the Prime Minister says, we will ask you to put in a comptroller but he must be persona grata to us. That is the situation. Hence I say that we are facing a desperate situation if we continue the present banking policies.

The CHAIRMAN: The hon. member must confine himself to a discussion of the provisions of the Bank Act, and bank charters.

Mr. WOODSWORTH: The Prime Minister has suggested that I was not accurate in stating the position of the government. In that connection I should like to read one or two paragraphs from the Prime Minister's letter of March 9 to Mr. Bracken:

> It becomes my absolute duty to say to you in the plainest terms, and I do so with all respect, that in case you anticipate making further requests for financial aid, either by loan or by guarantee or in any other form, favourable consideration cannot be given to such request unless your government is prepared to pledge itself to present a balanced budget by further reductions in proposed expenditures or by increased taxation, or by both; or if convincing evidence is adduced that under existing conditions such balanced budget is impossible—

May I state in passing that the Prime Minister used the term "balanced budget."

> —then your government must adopt a definite prescribed plan whereby the maximum estimated deficit under your proposed budget shall be well under $1,000,000.

[Mr. Woodsworth.]

The CHAIRMAN: I do not think that is relevant at all.

Mr. WOODSWORTH: That is the attitude taken by the Prime Minister. All this simply means that the ordinary safeguards which were supposed to be provided by the British North America Act are set aside, and the provincial government is brought under the control of the Dominion government even in connection with matters which are supposed to come entirely within provincial jurisdiction.

The CHAIRMAN: But that cannot be the subject of discussion here.

Mr. WOODSWORTH: Yes it is. This whole matter is forced by the banks, and I submit that only the Dominion government can alter the Bank Act. If the Dominion government is serious it is quite within its power to revise the Bank Act when the renewal of charters is suggested. We have power to determine the conditions under which charters may be renewed, even for one year. So far as I can see, nothing which has been said by the Prime Minister in any way changes that position. As some of my colleagues have suggested, I believe we should proceed definitely to decrease interest rates, and in other ways to limit the powers of banks before renewing their charters.

Mr. NEILL: I listened with great interest to the Prime Minister's clear cut definition of the respective jurisdiction of the dominion and the provinces. He drew a very clear line between the two jurisdictions, and said it was not even possible for one or the other body to divest itself of its responsibilities. No doubt in that statement he was quite correct. Unfortunately, however, we have established precedents to the contrary. I wish the Prime Minister had been here on Friday night and could have heard his colleague the Minister of Marine trying to defend order in council No. 206 which seeks deliberately to take away provincial jurisdiction. The only possible way in which a remedy could have been effected, namely, by concurrent legislation, had been definitely refused by the legislature of British Columbia. I wish I could interest the Prime Minister in the matter to the point where he would look into the situation. If he did so I believe he would take the proper steps to cancel the order in council.

Mr. SPEAKMAN: I should like to say a word concerning the jurisdiction of this parliament over interest rates. I do not purpose making quotations from reports of committees which have not yet concluded their work.

But in an endeavour to ascertain the jurisdiction of this parliament in relation to interest a questionnaire was prepared and sent to certain legal authorities. The matter was considered under three heads, the first question being:

Has the dominion parliament the power to fix a maximum rate of interest which may be charged on loans et cetera, granted by corporations created by dominion statute or letters patent where such corporations were (a) previously incorporated; (b) to be incorporated?

The answer from each of the bodies to which this questionnaire was submitted was, yes. The second question was:

Has the dominion parliament any power to prescribe the maximum rate of interest chargeable on loans generally made by (a) persons; (b) corporations—created by statute or letters patent other than dominion?

Again the answer was, yes. The third question was:

Has the dominion parliament the power (a) to fix; (b) to alter rates of interest in respect of bills of exchange and promissory notes?

Again the answer was, yes. The opinion of these legal authorities may not be conclusive; they may be incorrect. Yet they include the Department of Justice, and various provincial departments of attorneys general. In each case the answer was yes.

The questionnaire went on to deal with matters of reductions of principal. In this connection the answer was no—in other words that we had no power. But with respect to interest there was agreement amongst all the legal bodies and the departments of attorneys general. I submit that certainly a bank is a corporation incorporated under a dominion statute, and as such comes directly under the term of this reference. Naturally I am not posing as an authority. It was because I was not and others were not that we sought the opinions of authorities, and those opinions I have quoted.

Mr. SPENCER: I should like to ask a question with regard to the reduction of interest rates. The minister has informed us that the banks are going to look after a reduction of interest on their loans. Personally I think that is hardly the proper agency to be doing that work. The banks are no more honest or dishonest than other people, and I should think that the inspector general of banks should see that such reductions are carried out. Will the reduction of interest refer to loans already made, or only to loans to be made in the future?

Mr. RHODES: To loans already in existence.

Section agreed to.

On section 2—Act continues to apply for purposes of winding up.

Mr. RHODES: I have an amendment to move to this section. The law officers of the crown gave it a meaning entirely different from that which should have been given. Section 7 of chapter 12 of the revised statutes of 1927 reads as follows:

The provisions of this act shall continue to apply to the banks named in the schedule to chapter 9 of the acts of the year one thousand nine hundred and thirteen, intituled an Act respecting banks and banking, and not named in schedule A to this act, but only in so far as may be necessary to wind up the business of said banks respectively.

As this reads it would make the section applicable to the list of banks contained in the schedule of the revised statutes, which is the list of banks intended to be continued for a period of ten years. I move therefore:

That the words "chapter 12 of the revised statutes of Canada, 1927," in lines two and three of section 2 be struck out and the following substituted therefor: "chapter 9 of the acts of the year one thousand nine hundred and thirteen."

The effect of this amendment if carried will be to continue the present position, namely to renew the charters of the ten banks whose names appear in the schedule attached to this bill, and to make applicable the provisions of the act only for the purpose of winding up the banks whose names do not appear on the list.

Amendment agreed to.

Section as amended agreed to.

Mr. COOTE: I wonder if I might have leave for a moment. The remarks I have to make could be made on the motion for third reading, but I prefer to make them now.

The CHAIRMAN: I think the hon. member would be more in order on the third reading.

Bill reported.

Mr. RHODES moved the third reading of the bill.

Mr. G. G. COOTE (Macleod): There are two or three remarks that I would like to make, because of statements made by the Prime Minister (Mr. Bennett) this afternoon with reference to the question whether there is any shortage of credit in Canada. I have

no doubt that the banks can advance credit to borrowers if they find borrowers who can offer them what the banks feel is a proper amount of collateral. This naturally brings me to the case of Australia to which the Prime Minister referred this afternoon. I find that bank loans in Canada are 31 per cent less than three years ago, but in Australia, according to a chart which I saw in the Melbourne Herald recently, bank loans are down only 7 per cent compared with three years ago. The reason for that, I think, is the different money policy that has been followed in Australia . The Australian wholesale price level stood at an index figure of 80 in December, 1932. As a matter of fact it has stood at approximately that figure for the years 1931 and 1932. During those two years the wholesale price index in Canada had dropped from about 80 at the beginning of 1931 to approximately 63 at the end of 1932. I think this shows how much better off the producers in Australia are than those in Canada. It is true that the producers in Canada and Australia were selling their wheat for practically the same price in the old country, but when the Australian producer converted his proceeds into Australian funds he got more per bushel for his wheat than the Canadian producer got when he converted sterling into Canadian funds. That is one reason why conditions in Australia to-day are much better than they are in Canada. That is one reason why a great many people in western Canada feel that the money policy of the Dominion government is responsible for the very difficult financial position that the western provinces and cities are in to-day. They are unable to collect enough taxes to balance their budgets because the price level in Canadian currency of the products exported by their producers is so low. I want that statement to appear in the same issue of Hansard as the statement the Prime Minister made this afternoon.

Then the Prime Minister said that a country of 10,000,000 people could not do certain things in a financial way, that we have to be governed by international action of international financiers. That is rather a strange attitude for the Prime Minister to take, he being the head of the red-blooded Canadian party. I cannot understand why this nation of 10,000,000 people dare not take as adventurous action as the Australian nation, which I think has a population of six or seven million people. Canada has lost a great deal in the last two years by sticking to the sound money policy of the United States rather than maintaining her currency in the markets of the world at a level more in line with Australian currency and more in keeping with our own internal needs. Although the bankers may not be responsible for this money policy, they certainly have sponsored it almost one hundred per cent; it has resulted in many frozen bank loans and I think is responsible for some of the losses which the Prime Minister said the banks had suffered in the provinces between Winnipeg and the Rockies when he referred to them this afternoon. I think it is only fair that that statement should be made before the bill is passed.

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

QUEBEC SAVINGS BANKS

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 28, to amend the Quebec Savings Bank Act.

Motion agreed to on division, bill read the second time, considered in committee, reported, read the third time on division and passed.

INCOME WAR TAX ACT

TAX RETURNS TO BE VERIFIED BY DECLARATION

On the order for the second reading of Bill No. 70, respecting the Income War Tax Act (declarations on returns):

Hon. E. N. RHODES (Minister of Finance): Mr. Speaker, it is not proposed to proceed with this bill. It is not in the form in which it would appear finally in any event, and it is too late now to be dealt with in connection with the returns of this year. Therefore I would move that the order be discharged.

Motion agreed to.

GRADING OF HAY AND STRAW

The house in committee on Bill No. 22, regarding the inspection and grading of hay and straw—Mr. Weir (Melfort)—Mr. Ross in the chair.

On the preamble:

Mr. NEILL: I should like to ask the minister to explain why section 2 is necessary.

Hon. ROBERT WEIR (Minister of Agriculture): In case anyone wishes his hay inspected or graded.

The CHAIRMAN (Mr. Ross): Section 2 has been carried.

Mr. NEILL: No, it has not been carried.

The CHAIRMAN (Mr. Ross): Yes, all the sections were carried previously. We are now on the preamble.

Preamble agreed to.

Bill reported, read the third time and passed.

WAYS AND MEANS

SPECIAL WAR REVENUE ACT AMENDMENT

The house in committee of ways and means, Mr. Gobeil in the chair.

9. That schedule II to the said act be amended by adding thereto the following articles and imposing thereon an excise tax at the rate set opposite the respective article:—

(i) Sugar, as enumerated in customs tariff item No. 134, 2 cents per pound.

(ii) Unfermented wort (sweet wort), 25 cents per gallon.

(iii) Malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer, 50 cents per pound.

Hon. E. N. RHODES (Minister of Finance): There is an amendment before the committee and I have an amendment to the amendment.

Mr. YOUNG: Is this a third amendment or the second? Is it to be found in Wednesday's Hansard?

Mr. RHODES: The amendment to the amendment reads:

Provided that the tax hereby imposed under subclause (i) shall not apply to the materials enumerated in customs tariff items 139 and 140, when sold in packages containing not more than five pounds each.

That is to say, there would be no tax imposed upon articles enumerated in items 139 and 140 of the Customs Tariff Act, namely: Glucose, or grape sugar, glucose syrup and corn syrup, or any syrups containing an admixture thereof; syrups and molasses of all kinds, the product of the sugar cane or beet, and all imitations thereof or substitutes therefor. In other words, none of these commodities if put up in packages of five pounds or less shall be subject to the tax; it is only the bulk commodity that will be subject.

Mr. YOUNG: Does that mean that a man who buys a can of molasses will pay no tax, while a man who buys a barrel will?

Mr. RHODES: Molasses is exempt.

Mr. YOUNG: No, it is included.

Mr. RHODES: If a man buys a larger quantity of corn syrup or glucose or any of these syrups he will pay the tax of 2 cents per pound.

Mr. BROWN: That does not mean that the consumer escapes the tax; the tax is already paid by the man who buys wholesale.

Mr. RHODES: Not on the small packages; packages of five pounds or less are exempt.

Mr. YOUNG: Item 140 of the tariff reads:

Syrups and molasses of all kinds, the product of the sugar cane or beet.

That is to be exempt if sold in packages of five pounds or less. If a man buys a tin containing two, three or four pounds, he does not pay the tax, but if he buys a barrel for cattle feed he has to pay 2 cents per pound, because it says molasses of all kinds.

Mr. RHODES: The hon. member should keep before him the amendment of Wednesday last, which exempts molasses.

Mr. YOUNG: The original amendment applied only to sugar described in item 134 of the tariff, which reads:

All sugar above number sixteen Dutch standard in colour, and all refined sugars of whatever kinds, grades or standards, not covered by tariff item No. 135. . . .

That is the consumers' item, refined sugar. Now you take in item 135, which reads:

Sugar above number sixteen Dutch standard in colour when imported or purchased in bond in Canada by a recognized sugar refiner, for refining purposes only, under regulations by the minister; and sugar, n.o.p., not above number sixteen Dutch standard in colour, sugar drainings or pumpings drained in transit—

And so on. In addition to that, No. 139 is taken in. Will the minister explain how this will operate? Raw sugar comes under 135, which is taxable under the amendment, and it is taxable again when refined under 134. Is the tax to be imposed twice?

Mr. RHODES: No.

Mr. YOUNG: At what stage will it be imposed?

Mr. RHODES: In the finished form, when the refiner disposes of it as refined sugar.

Mr. YOUNG: How will it apply to 135, then? That is included in the amendment of Wednesday last.

Mr. RHODES: If it were imported by a person other than the refiner it would be subject to the duty, but this provides that when it is imported by the refiner he pays the duty only when he sells in the form of refined sugar.

Mr. YOUNG: Where does beet sugar from Canadian beets come in? Where will it be taxed?

Mr. RHODES: The same relative position with respect to beets is maintained.

Mr. YOUNG: It will pay 2 cents?

Mr. RHODES: Yes.

Mr. RALSTON: Is not the effect of including 135, and therefore imposing an excise duty on raw sugar, to give further substantial protection to the refiners? It is imposing exactly the same duty on raw sugar as on refined sugar. Representations have been made to me recently to the effect that raw sugar could be used to a considerable extent by manufacturers, and indeed would be used in preference to refined sugar, if it were free from the tax, and this would result in a substantial reduction to the consumer on articles in which raw sugar could be used. As it stands now, by the amendment, raw sugar will have the same excise tax as refined sugar, with the result that anyone who might use raw sugar, not being able to afford refined sugar, will pay the same penalty, so that the refiners get the benefit by having equal taxation imposed on raw sugar.

Mr. RHODES: Let us put the argument the other way about. If the refiner had to pay 2 cents per pound on refined sugar and raw sugar could be brought in duty free, and if the use of it were permitted to such an extent that it could replace any considerable quantity of refined sugar in various forms of the manufacturing process, the net result of course would be that the refiner would do less business. But inasmuch as this is a taxation measure, the great loss would be to the treasury, anad the method now adopted by the amendment is to ensure that the full return is brought into the treasury. The object of the tax will not be defeated by the use of substitutes to the detriment of the treasury, although there is incidentally the question, not of protection to the refiner but of maintaining his relative position, as though there were no excise tax on sugar at all. That is the intention and, I think, the effect of the amendment.

Mr. RALSTON: I think it is the effect, but it goes further. At the present time there is no excise tax on either refined or raw. The refiner therefore has no advantage and if raws can be used by the manufacturer they will be used. But the moment a man has to pay 2 cents on raw sugar and only 2 cents on refined sugar, the obvious result will be that the refiner will increase his business while the man who has been using raw sugar will use less. Incidentally, if you like, but inevitably there is a substantial protection with an increased benefit to the refiner as a result of the amendment which is now proposed, and I am wondering whether this amendment has not been promoted, if I may use that word, just as much by the refining interests as by the taxation authorities, because I do not think my hon. friend will find that there is a great increase of revenue from the 2 cents excise on raw sugar.

Mr. RHODES: But conversely there would be a considerable loss of revenue to the extent that raw sugar might be substituted for refined sugar. If 100 pounds of raw sugar made 100 pounds of refined sugar, there would be nothing in the argument of my hon. friend, but the difference between raw and refined sugar is very slight, in fact so much so that it would be impossible to devise a fraction which we could impose upon raw sugar to make it exactly comparable with refined sugar, because 107 pounds of the raw makes 100 pounds of the refined. There is that fraction.

Mr. MALCOLM: The value of the refined sugar is more than would be indicated by the fractional difference in weight.

Mr. RHODES: Quite so, but practically all the raw sugar is to-day imported by refiners and they will continue to import it. Nobody else is affected. If we permitted raw sugar to be imported by others, it could be imported in very large quantities by them and converted to uses which at present are supplied by the refined sugar. If that condition were allowed to be brought about, we would lose a tremendous amount of revenue.

Mr. RALSTON: When my hon. friend speaks about not being able to devise a fraction, may I point out that the proportion about which I am speaking is that which two cents bears to the actual value of refined sugar as compared with the proportion which two cents bears to the actual value of raw sugar. That is not measured just by the difference between 107 and 100 pounds. In addition to that, there are the refining costs. Therefore the ad valorem excise tax on refined sugar is considerably less than the ad valorem excise tax on raw sugar. What is the proportion of raw sugar that is not imported by refiners?

Mr. RHODES: I am sorry I have not those figures before me, nor can I obtain them at the moment, but I shall get them before the committee rises; they should be here.

Mr. RALSTON: My hon. friend understands that they are material in deciding whether section 135 should come under the Excise Act, and what the effect will be.

Mr. RHODES: Quite so.

Mr. RALSTON: Might I ask the minister a question with regard to the point brought up the other night by the hon. member for Sherbrooke? Has he taken steps towards a rigid investigation of the circumstances under which the news of the proposed excise tax on sugar leaked out, in order to ascertain whether it is possible to recoup to the treasury a substantial amount of money which was made by people who speculated on that advance news?

Mr. RHODES: I do not know that I can enlarge on the reply I made to the hon. member for Sherbrooke when we were in committee at the last sitting. I have yet to have submitted to me any evidence that there was a leak, so far as the application of the sugar tax was concerned.

Mr. RALSTON: I am sure the minister will not have it submitted to him.

Mr. RHODES: Perhaps so, but I asked the hon. member for Sherbrooke and I have asked all members; I have inquired widely and beyond the confines of this house. I shall welcome any evidence which can be given to me that there was anything in the nature of a leak. I have yet to find the slightest evidence that such was the case. It is true that there was the situation which arose at Vancouver and I referred to that the other day, but to the statement that there has been a leak my answer that, in my judgment, there has been none, will be found in Hansard and I do not know that I can enlarge upon it. I instanced the case of tea and coffee where precisely the same procedure took place as in the case of sugar, and for two reasons. In the first place the press had been for some considerable period of time forecasting that there would be sugar taxes and taxes upon tea and coffee, and in the second place there was the usual shrewd guess of those in the trade, and perhaps some who were not in the trade, that the government would be compelled to resort to new forms of taxation. Certainly the man who took advantage of the situation with respect to sugar was the gainer, but the man who endeavoured to anticipate the budget and took delivery from bond of large quantities of tea and coffee, was the loser. I do not know that there is anything more I can say. If some method could be devised whereby in the first place forestalling could be prevented and whereby, in the second place, if it did occur, we could recoup to the treasury the amount that it had lost thereby, I should be delighted; but up to this moment I have yet to learn of a device of that character.

Mr. LAPOINTE: I am sure the minister would welcome any evidence that might be submitted to him, but who can submit such evidence? The public would be better satisfied if my hon. friend would take steps to investigate the conditions under which the information seems to have leaked out. This tax on sugar is obnoxious, very unpopular; it bears heavily on the poor people, and the fact is that the labouring class in my city of Quebec believe some persons have made vast sums of money because they took the precaution to accumulate large quantities of sugar just before the budget was announced. They mention names of firms there. Of course you cannot expect those people to make any investigation, but surely the government, which is able to appoint investigators to find out whether public employees have been committing acts of offensive partisanship and to dismiss them, could appoint some commissioner to discover the real situation as to how that leak occurred. Certainly the public is not satisfied with the way in which some individuals have used the misfortunes of the people to make money.

Mr. SANDERSON: When this item was up last week, I mentioned to the minister a rumour in conection with a certain brokerage firm in the city of Toronto which had apparently, according to the rumour, purchased large quantities of sugar and had obtained a line of credit from their bank by making to it certain commitments based on what they said was inside information from Ottawa. Has the minister done anything in regard to trying to find out whether that rumour was correct or not? Is the minister listening to me?

Mr. RHODES: I hope so.

Mr. SANDERSON: I have an idea that if he would diligently attempt to run down that rumour in Toronto, he would get the facts without very much trouble. When an old brokerage firm—and when I say "brokerage", I mean stock brokers—went into sugar buying and borrowed money from a bank under conditions such as we have at present in Canada, they must have known what they were doing and must have had information which was authentic. I do not see why the minister cannot find out something about the matter. The government have many officials; they have the Royal Canadian Mounted Police, the secret service, any number of officials who evidently could find out something about it. If the rumour is not correct; if it is only a rumour, well and good; but I think the people

of Canada would like to know whether the minister will do his duty throughly in attempting to discover whether this is a fact.

Mr. RHODES: I would not have any hesitancy in saying to my hon. friend that we are quite prepared to take any step that may be suggested as reasonable which would enable us to trace an act at all similar to the one to which he refers. The investigations hitherto made departmentally have not disclosed that there was any transaction of that character, but I have no hesitation in saying to my hon. friend that the government is quite prepared to take all necessary steps to investigate the matter and to ascertain whether there is any ground for an assertion of that kind. The only point upon which I can see that an investigation might be of any value would be to determine whether information was given in advance to certain individuals. That I do not believe was the case; nevertheless I am prepared to undertake that there will be an investigation to disclose if there was any information of that kind to be obtained. Even if there had been no leak, no information given in an underground or in any other manner, hon. gentlemen know perfectly well that in view of the publicity which was given to this matter and the statement which was made in the press there certainly would have been a certain amount of buying of sugar as was the case with tea and coffee.

Mr. BROWN: No doubt the matter we have been discussing has caused a good deal of anxiety in the mind of the public. For my part I am not prepared to mete out any censure to the government because this thing happened. I am quite prepared to believe that in the temper of the public mind people might have acted on what has been described as a hunch. But if the minister can do anything to throw further light upon the subject and secure a return to the treasury of the revenue that was lost I am sure that the public would welcome such action. While we may not be able to criticize the government on that score, I think we can criticize it because nothing was done to prevent the purchases of sugar that were made after the budget was delivered. The difference in time between here and the Pacific coast allowed a good many hours in which the people could take advantage of the opportunity to purchase sugar, and on that score I think the government is open to censure. I think we can accept the statement made by the Minister of Finance a few days ago that it would be in the public interest that such a situation should never occur again.

[Mr. Sanderson.]

I do not think the minister strengthened his case in regard to the sugar duty and its effect upon the people when he compared the prices that prevail to-day for sugar with the prices that have prevailed during past years. He seemed to resent the remarks that were made from this side of the house that we were not as well able to buy now as we were then.

Mr. RHODES: No, I did not.

Mr. BROWN: Perhaps I misunderstood. I think the comparison was not in place anyway. The fact is that the tax is a very heavy burden on the people of Canada, and the magnitude of that burden can be to some extent appreciated when I recall the fact I mentioned in the budget debate that about fifty million bushels is the amount of wheat that is consumed by the people of Canada. At fifty cents a bushel that would mean $25,000,000, and I believe the estimated revenue from the sugar tax is $20,000,000, or only $5,000,000 short of the total value of the wheat consumed by the people of Canada. That comparison shows the magnitude of the burden that is imposed upon the consumer by this sugar tax. It may be true that in times past we were paying very high prices for sugar as compared with the price to-day, but for my part I would rather pay 25 cents a pound for sugar, as we were paying in war time, when I could sell hides for about 25 cents a pound and wheat for $2.50 a bushel, than pay six or seven cents a pound for sugar to-day when I can hardly give away a beef hide and wheat is netting the farmer even at present prices not more than forty or forty-five cents a bushel. After all, these things are relative, and in estimating the burden that is thrown upon the people by this tax we must of necessity take into consideration the ability of the people to bear it. I can only repeat that this is a tremendously heavy burden upon the people.

While I shall not be disposed to criticize the government in the matter I first mentioned, there is another matter upon which I promise the minister and all his supporters that I shall criticize the government before the electors, and that is that while the government has seen fit to impose a tax of two cents a pound on sugar it has reduced the duty on intoxicating liquor, on whisky, by $2 a gallon. I can promise hon. gentlemen opposite that one of the heaviest burdens they will have to bear is that fact which I shall proclaim from every platform throughout the country, and I know that it will make an appeal to the poor people all through the western provinces.

Mr. MORAND: Come into my county.

Mr. BROWN: I know that it will appeal to the poor people of the western provinces when I point out that $2 a gallon has been taken off the excise tax on whisky while the poor people are called upon to bear a tax of two cents a pound on sugar.

Mr. DONNELLY: When this sugar tax was under discussion the other night the Minister of Finance referred to the fact that through this supposed leakage the government had lost in revenue somewhere about ten per cent, or two million dollars.

Mr. RHODES: Not more than that.

Mr. DONNELLY: I wonder if the committee realizes just what that means. Two million dollars represents one million bags of sugar of one hundred pounds each. That means that thirty trainloads of sugar went out before the sugar tax came into effect. This thirty trainloads of sugar it should be able to trace in some way. Some hon. gentlemen have spoken of a trainload of sugar going out from Toronto or Montreal. But there must have been more than one trainload. There must have been several trainloads, for thirty trainloads of sugar got out into the hands of the ordinary consumer. That is what one million bags of sugar amount to, thirty trainloads. There should be some method of tracing such a large shipment as that.

Let me refer to another incident that happened in the house the other day. The hon. member for Charlevoix-Saguenay put this question to the minister, at page 4260 of Hansard:

> I noticed in the Montreal Star that the hon. member for West York (Mr. Lawson) was reported to have said, at a meeting in Toronto, that the tax on malt extract used in making home brew would be withdrawn or drastically reduced. Is there any foundation for that statement?

The Minister of Finance replied:

> So far as I am concerned the statement is without warrant whatever.

Then the very next day the Minister of Finance got up and said that the duty on malt syrup, or malt syrup powder, extracts of malt, fluid or not, or any other malt product intended for the brewing of beer would be 20 cents a pound instead of 50 cents a pound as originally proposed. The hon. member for West York was quite correct. The excise tax on malt extract was reduced from 50 cents to 20 cents. The minister can very easily find out from the hon. member for West York where he got that information, or whether he was guessing at it. Was he doing the same as the public was doing, or did he have some inside information? Surely it would not be difficult to find out from him where he got it. There seems to have been some leakage there also; can we blame the public for saying that there has been leakage? When we suspect it with regard to sugar, and with regard to the excise tax on malt, can we blame the public for saying that there has been a leakage? In some way information was gained that the tax was going to be put on sugar and reduced on malt extract.

I should like to join with the hon. member for Lisgar in his remarks with regard to the reduction of $2 a gallon on spirits. Then, last year the government reduced the excise tax on cigarettes to something like $2 a thousand. This year to make up the loss they have placed the tax at two cents a pound on sugar. I should like to learn from the minister how much less alcohol has come into the country since he has reduced the excise tax; has any less come in? Has there been an appreciable increase in it? We were told that the excise taxes on alcohol and on cigarettes were so great that they were prevented from coming into the country. We were told that if we would reduce those taxes more would come into the country and that we would receive a greater amount in taxation. Are we receiving more alcohol and more cigarettes or have receipts from importations of that type gone down the same as they have in connection with a great many other imports? I suggest again to the minister that he should look into the matter of the reduction of the tax on malt extract mentioned by the hon. member for West York.

Mr. RHODES: May I say the hon. member for Lisgar was in error when he assumed that I resented any statements made by hon. members opposite. I did nothing of the kind. Hon. gentlemen were perfectly within their rights, and if I gave the slightest indication that I felt any resentment, I am exceedingly sorry. I had no feelings of that kind whatsoever.

Mr. BROWN: I think your words in Hansard will show you did.

Mr. RHODES: I am sorry if the hon. member feels that way, because I can assure the committee that that is not right.

Mr. LAPOINTE: Hear, hear; we have no grounds for complaint.

Mr. RHODES: The hon. member for Lisgar has put in a very attractive political juxtaposition, shall I say, owing to the fact that on one hand we tax sugar and on the other we lower the tax on alcohol.

Mr. POWER: On the poor man's liquor.

Mr. RHODES: I was going to say on the rich man's liquor. There would be a point in the argument of the hon. member for Lisgar if he made it appear that by reducing the tax by $2 per gallon upon liquor we thereby lost one-fifth of the receipts we would otherwise have received. But the hon. member knows very well there is a point beyond which if you tax you will receive far less revenue.

Mr. LAPOINTE: Hear, hear.

Mr. RHODES: The hon. member for Weyburn was delighted to hear me make that statement the other day. He immediately spoke about tariffs, and I was not prepared to quarrel with him. I say to my hon. friend that it is just a question in my mind as to whether or not the whisky tax ought not to be lower still; probably the hon. member will be glad to carry my remarks to his constituents. When I say that, of course I am speaking entirely as Minister of Finance, and from the viewpoint of revenue.

Mr. POWER: I thought you were being sympathetic towards the consumer.

Mr. RHODES: Because undoubtedly there is a point where we can obtain a far greater return to the treasury by a lower tax than by a higher. The hon. member for Willow Bunch referred to cigarettes. We had the classic example under Mr. Fielding—and I am not criticizing. He had the idea he could enhance the revenue by increasing the duty on cigarettes, but he soon found out that by increasing the duty he obtained far less return than when the duty was lower. It is a question in my mind, I may say to my hon. friend, whether the tax on cigarettes is not yet too high, despite the fact that it has been reduced—and I speak solely from the viewpoint of revenue. To the hon. member for Lisgar I would say that if I had any criticism to offer from the standpoint of taxation it would be that we ought to have made the tax upon liquor still lower.

Mr. STEWART (Edmonton): I am sorry the textile schedules have been passed.

Mr. RHODES: If there is anything to be said in favour of that viewpoint—and I submit there is—the hon. member cannot take any political comfort from the fact that we are placing two cents per pound upon sugar. The government is under no illusion as to the character of the tax, or as to its popularity. As I said the other day we have a duty to perform, we have certain revenues to raise, and under unusual conditions we have to resort to unusual methods of taxation.

[Mr. Rhodes.]

The hon. member for Willow Bunch has referred to a statement which appeared in a Toronto newspaper and which was attributed to an hon. member of this house, who, I regret to say, is not in his seat to-night. He will say that the report which appeared in the press is not a proper report of what he said on that occasion. I say to the hon. member that so far as the tax upon malt is concerned, I would be in a position to have particular knowledge. Representations in plenty were made to me, but on no occasion either to deputations or to hon. members was anything stated other than that representations would be taken into careful consideration. I have every confidence in my staff and in the efficiency of the excise department. I should be very much surprised if there had been anything in the nature of a leakage concerning the reduction of the taxation upon malt, or the placing of a tax upon sugar. How that could be alleged, when the press of the country forecast, days before any definite decision had been reached, that there would be a tax upon sugar, is more than I can understand. I can only say to the committee that I should be very glad to probe the matter from every possible angle to ascertain whether there is any shadow of accuracy in the suggestion that there was an improper leakage with respect to these forms of taxation.

Mr. MITCHELL: I am not going to discuss at length the tax on sugar because I believe the ground has been fairly well covered. I must say, however, that it represents a taxation upon every man, woman and child in Canada, and places a further burden upon the 1,300,000 people drawing relief. Sugar is one of the major items of consumption which go to make up the diet of the average family. When the hon. member for Willow Bunch spoke concerning a profit of $2,000,000 which some people were able to make on sugar transactions prior to the delivery of the budget, he stated that he had a hunch. Recently when we were discussing the sweepstakes bill, for hours at a time hon. members stood and spoke in righteous indignation about the legalization of sweepstakes for the benefit of hospitals, but any sweepstake that we might have in this country would pale into insignificance compared with the gamble that took place in sugar in this connection. You cannot have two codes of morality, one for the chap who is willing to gamble fifty cents on a lottery ticket and another for a group of individuals who will clean up two million dollars on the anticipation of sugar being

taxed in the budget. In my judgment that $2,000,000 belongs either to the treasury of this country or to the consumers of sugar. I believe it is the absolute duty of the ministry to see to it that if possible and practicable that money shall go where it rightfully belongs. The minister said that you could tax a thing until the revenue decreases, and he mentioned malt. I would say, and this is from my own practical experience, that the end in view will be defeated by the one hundred per cent tax that has been placed on malt. As long as the sun shines and grass grows and water flows you can always get a substitute for malt.

An hon. MEMBER: Dandelions!

Mr. MITCHELL: You will find that people who have been in the habit of making this home brew will find some substitute. It is no great problem to sprout your own barley.

Mr. LAPOINTE: How do you do it?

Mr. MITCHELL: Come outside and I will give you the recipe; I have been long in the business. But what I want to point out is the impracticability of that tax. I think the position taken by the Minister of Finance is absolutely sound. I believe the tax that was first imposed was for the purpose of preventing the brewing of beer in the homes of the people. The present tax, doubling the average price of malt, will have the effect of driving the people to the use of substitutes for the malt they used previously.

Mr. SPEAKMAN: I would just like to say one word on this question, but instead of using my own language I will give you the words of a farm woman with a family of seven. She wrote me in the French language and I had it translated.

Mr. LAPOINTE: Why?

Mr. SPEAKMAN: Unfortunately I had to because I do not understand that beautiful language myself. She first described the farm, going into some detail as to the income, and she summed up the farm income after balancing costs against receipts by saying:

After all our only means of subsistence comes from a few cows which bring us about $1 weekly; from this sum we someimes deduct the repair cost of an indispensable tool. This will show on what we have lived for a long time—seven persons with less than $1 weekly.

They have five children under seven years old. Then she comes to sugar:

Sugar is taxed two cents per pound, while at the same time cream is lowered one cent. This is the way they are tightening the screw-vice. I protest against this overtax on sugar. Instead of that, they should impose taxes on moving pictures and other amusements; pianos, radios, sport materials and luxuries, etc., because these things are not indispensable to life, while sugar is a first necessity. Why do they not add a little tax to bachelors in addition to the revenue tax? It is always fathers and mothers who are obliged to carry the heavy burden. It is logical to think that it requires more sugar for a family of seven persons than for one alone.

There is a lot of truth in that that bachelor premiers and leaders of the opposition sometimes forget.

Then, Mr. Bennett believes without doubt that he is doing something marvellous for the government. We were consuming very little sugar, and we shall consume still less for we would not find the money to buy it. If we were the only unhappy ones, the government would not lose much, but how many people will be obliged to do as we? The sugar sellers will see their profit diminish; this will probably cause the loss of many positions which will add as many to the unemployed. How much more will the government receive? Surely less than he expects. This is the way the government is going more and more to the bottom.

I think, Mr. Chairman, I cannot express the situation better than that French woman has done, speaking as the mother of five little children. That is the point of view taken by the people who will feel it most. I am not going to read the rest of the letter; it is a very moving letter. It does not require another word from me. That puts the situation as the mothers of large families with small incomes view it.

Mr. VALLANCE: Didn't you vote for the budget?

Mr. BROWN: I cannot allow it to appear on Hansard that the Finance minister has been giving us a lecture on these very simple facts of taxation of which he assumes we are ignorant—

Mr. RHODES: Oh no, no.

Mr. BROWN: I am happy to have emphasized now what I have been emphasizing all these years, that it is possible to obtain more revenue from a lower scale of taxation. At different times I have appeared before tariff commissions touring the country and when I would plead for a lower tariff they would say: But where will you get the revenue? Invariably we would answer that lower taxation would probably produce more revenue. Let there be no mistake, we are perfectly familiar with that very sound argument advanced by the Minister of Finance, that the revenue may be adversely affected by unduly raising the tariff.

Mr. RHODES: The hon. member must remember that I was referring to taxation. The other day I was referring to the tariff which is an entirely different matter.

Mr. BROWN: No, the same principle holds.

Mr. RHODES: Provided your tariff is for revenue. There are other purposes for which tariffs are imposed.

Mr BROWN: But as far as revenue is concerned the same principle holds, no matter what form the taxation may assume. So we are agreed on that. I referred to the fact that the taxation on liquors had been reduced. Looking at it only from the standpoint of revenue—and that for the moment is the only standpoint I am going to consider, though there are others—we might gain by further reducing the tariff and excise. But it will be recalled that last fall when the conference agreements were being considered it was stated that the revenue would be adversely affected I think to the amount of $7,000,000, by the reduction in liquor taxes.

Mr. RHODES: That was as a matter of mathematics only.

Mr. BROWN: Well, I do not understand the reference. If it is simply a matter of mathematics it is the same in regard to this $20,000,000 we are going to get from sugar. However that was the statement made, that there would be a reduction in revenue to the amount of about $7,000,000. Whether that included both customs tariff and excise I am not in a position to say at the moment. But I would like to know now, in view of the statement of the minister that he thinks we might further reduce customs tariff and excise with advantage to the revenue, whether since last fall he has obtained new information or whether the trade returns warrant the statement he has made.

Mr. RHODES: I do not for one moment subscribe to the point of view that the statement made last year by the Minister of National Revenue was that the revenue was actually diminished to the extent of $7,000,000. It was that on a basis of mathematics, having regard to the amount of liquor brought in the year before, the reduction would be about that figure. That was the statement made by the Minister of National Revenue. My hon. friend has put the question as to how it has worked out in practice. I submit that the figures would mean nothing, because we are living in abnormal times. If business were approaching normal a very accurate answer could be given, but to-day the people cannot afford to buy.

Mr. LAPOINTE: But there is less revenue.

Mr. RHODES: Without looking into the figures at all I would assume that to be unquestionably so, but the point I am endeavouring to make is that it does not necessarily follow that this is so because we have reduced the customs and excise duties upon liquor. In normal times the answer to my hon. friend's question would be accurate, but at the moment the answer would be no answer at all.

Mr. SPENCE: I do not share the views of the hon. member opposite; with the exception of Vancouver, where they may have had three or four hours because of the difference in time, I do not think anyone obtained an advantage. Men in the business world are looking for every opportunity to make an honest dollar; for years they have watched the budget in an endeavour to anticipate what it might contain. The small profits being made to-day are not sufficient to keep firms in business, and if they do not get a chance to make a few dollars extra they cannot remain in business. Anyone who knows anything about the sugar business knows that sugar was a very low commodity, lower than it has been for many years. For a long period the average cost of sugar ran from 9 cents to 11 cents, and anyone with ordinary judgment would assume that sugar would bear a duty of at least a half cent a pound. That induced many people to buy that commodity before the budget was brought down.

Some hon. MEMBERS: Oh, oh.

Mr. SPENCE: It is all very well for hon. members to laugh and suggest nothing; that is all they are good for. There is always an incentive to a man in business to gamble, and let me say that if you do not gamble you do not make any money, and sometimes when you do gamble you lose. Some people—and particularly those with a suspicious mind—are always ridiculing the other fellow and saying he is doing wrong. I wonder how many hon. gentlemen opposite would not have taken an opportunity to make some money on sugar if they had known what was going to happen.

Some hon. MEMBERS: Oh, oh.

Mr. SPENCE: I say none of you had sufficient judgment to gamble in sugar.

Mr. VALLANCE: How much did you make?

Mr. SPENCE: I did not make anything; I am not in the sugar business, but if I had been I would have expected some duty to be put on sugar. If the hon. member will just keep quiet a moment I will tell him some-

thing more. Just a few days before the budget came down there were twelve carloads of bulk tea delivered to the city of Toronto; dealers figured that there would be a duty of 10 cents a pound on tea. They missed out, however. You do not pity them at all; you ridicule the man who happened to have sufficient judgment to buy sugar. That is the whole trouble with hon. gentleman opposite. They are sore if a man makes money and they say he is no good if he does not make it, so what is a man to do? I think the people in the Department of Finance are just as honourable as other men in this country, and I am satisfied that there has not been a leak. You cannot stop men from using their brains, however; if we do not use our brains in this house those in the outside world must do so or we cannot exist.

Mr. RALSTON: I should like to reiterate what has been said previously, to bring to a head the matter in connection with which the minister has promised an investigation. The attitude of those on this side who have been referring to this matter in which we fear there has been a leak is this: We feel that there is a duty on the part of the minister and the department to investigate the whole situation. We feel that the minister should not take the attitude which he took in the beginning of the discussion this evening, namely that no evidence had been laid before him. We feel that he should be and is as anxious as anyone may be to ascertain whether there has been any leakage and whether any money which properly belongs to the treasury of Canada has not been paid in. The minister has said that he will make this investigation, and we accept his assurance in that regard.

The minister said he would investigate to see whether any leakage had occurred. If I may say so, that sounds as though he has in mind calling in the officers of his department and asking whether any information was given out. May I suggest what I am sure is obvious to him, that a much better way would be to start at the other end and ascertain whether or not there were abnormal sales by the refineries, shortly before the budget was brought down, and to whom those sales were made. Then the minister might extend that investigation to the jobbers, to find out whether any information was received by them, and from whom it was received. I quite agree that it is possible that there was a wave of speculation and that people may have guessed correctly with respect to the market, but it does seem a little difficult to believe that men would guess to the extent of fifty thousand tons, and that is the amount of sugar involved.

Mr. SPENCE: That is nothing in the sugar business.

Mr. RALSTON: That was the figure given by the Minister of Finance as the amount that must have changed hands in order to make the loss to the treasury $2,000,000. That represents twenty-five pounds for every family in this country; that is a substantial amount, and it does not seem like a normal trade guess as to the probabilities of the budget. We have not had this situation in Canada very often; I believe the minister will realize that it is abnormal, and the very size of the transaction makes us feel that something is wrong with regard to this particular item in the budget. So I believe if the minister makes an investigation in the way suggested we would be even more satisfied than we are with the assurance of the hon. member for Parkdale that there has been no leakage. I know the hon. member is quite sincere in that assurance, but at the same time we would rather see the investigation conducted and have the finding made by someone having the facts actually before him.

Mr. RHODES: I do not think my hon. friend could have been here when we dealt with this matter the last time we were in committee. If he had been here he would have heard me say that already we have investigated the sales made by every refinery in Canada for the month prior to the delivery of the budget. We know just how large they were and to whom they were made. They were not so great as the figure mentioned by my hon. friend, though even that is a fantastic figure. Let me point out that even that huge figure means less than five weeks consumption for the Canadian people.

Mr. RALSTON: That is a pretty large amount.

Mr. RHODES: Quite so; I am just trying to give the figure its relative place. We know each transaction, and the amount of each transaction. Undoubtedly large purchases were made, but they were made by those who hitherto have been regular purchasers of sugar, in all cases. When my hon. friend referred to the suggestion I made that I would welcome any information which would give me any knowledge as to there having been a leak he rather took the point of view that I was imposing an obligation on hon. gentlemen opposite. I wish to assure my hon. friend and the committee that I meant nothing of the

kind. I merely meant that I would welcome all information. That had reference solely to the question of there being a leak, and that is what I meant so far as an investigation at this time is concerned, because we have already full data with respect to the amount of sales made for the full period of a month in every refinery in Canada. I do not know of any method short of retroactive legislation, which we should have difficulty in administering, whereby we could recover to the treasury the amount of the profit gained by those who were fortunate enough to guess rightly.

Mr. YOUNG: Syrups of all kinds, the product of the sugar cane or beet, and all imitations thereof and substitutes therefor, if put up in small containers, pay no tax but if put up in large containers they do pay the tax. If an individual or merchant brings in these commodities from the United States, he does not pay a tax on them, but if a wholesaler brings them in in bulk and cans them in the country he has to pay the tax. That is my understanding of the amendment brought in to-night.

Mr. RHODES: The effect of the amendment brought in to-night is to exempt this food product when in packages of five pounds or less, and place it on the same basis as molasses. Surely my hon. friend does not take exception to that exemption.

Mr. YOUNG: No, I do not take exception to it, but the minister is placing it in the same class as molasses, while he is striking molasses out. He is striking out molasses and leaving syrups in. If they are brought in in small containers they escape the 2 cent tax but if in bulk, if in barrels and so on, the tax is paid. In other words, only a portion of it is being exempted.

Mr. MORAND: It is made in Canada.

Mr. YOUNG: I am talking about importations.

Mr. MORAND: But it is made in Canada.

Mr. YOUNG: There are lots of things made in Canada which we import.

Mr. MORAND: You should not.

Mr. DONNELLY: The minister, speaking about the excise tax on liquor, said that last fall when the statement was made with regard to the figure of $7,000,000, that was only an estimate. When speaking a little while ago I asked him whether there had been any falling off in the quantity of liquor that had gone out and on which the excise tax had been paid and I gathered that there had been a falling off between last fall and the present time. Surely the minister is not suggesting that times are worse now than they were last fall, for we have been told that conditions have been improving. Does he suggest that conditions are so bad that between last fall and the present time less liquor has been used? Another thing I want to refer to is the opportunity which this tax on sugar affords for the exploitation of the public in so many ways. Sugar enters into the manufacture of a good many articles, and the manufacturers are taking advantage of this 2 cents a pound to increase their prices. They are increasing the tax manyfold. This was brought to my attention strikingly the other day. I went into a grocery store where I saw on sale, at 39 cents a pound, certain biscuits known as Creamo. These biscuits had been selling at 35 cents a pound and after the budget, owing to the tax of 2 cents on sugar, the price was raised to 39 cents. There might have been one-eighth of a pound of sugar in the biscuits, and yet the manufacturers were taking advantage of the tax to put on an extra 4 cents per pound. I noticed another variety called chocolate fig bars. These biscuits sold at 27 cents per pound before the budget came down and afterwards the price was increased to 29 cents. I suppose there would be less than one-eighth of a pound of sugar in each pound of this variety. Here we find the manufacturers taking advantage of the tax to increase the price to the consumer by 4 cents per pound in one instance and 2 cents in the other. All along the line you will find the same thing prevailing; the manufacturers are taking advantage of the tax to exploit the consumer to the extent of two or three times the amount of the imposition on sugar.

Mr. McINTOSH: I shall not take more than a minute because I do not want to delay the committee. The minister made the statement that the reduction in connection with liquor was $2 a gallon and that in future there would be a greater reduction.

Mr. RHODES: No, I did not.

Mr. McINTOSH: Well, then, further reductions.

Mr. RHODES: No.

Mr. McINTOSH: Well, you anticipated that there would be a reduction.

Mr. RHODES: No.

Mr. McINTOSH: Well, you said there should be.

Mr. RHODES: No.

Mr. McINTOSH: Then what did you say?

Mr. RHODES: Hansard will disclose that I said none of the things which my hon. friend has attributed to me.

Mr. McINTOSH: I wouldn't want to hurt the minister for a moment.

Mr. RHODES: What I was discussing was the yield of tax and in connection with the objection taken by my hon. friend from Lisgar I said that, speaking from the point of view of revenue, a still lower reduction would give a greater return.

Mr. McINTOSH: Then if the minister wants more revenue he will have to bring about a reduction.

The minister made another statement in regard to certain daily newspapers, that they made a bullseye in connection with the tax —that they diagnosed government opinion quite accurately, so much so that they were able to tell beforehand that there would be a tax on sugar.

Mr. RHODES: They made a miss about tea and coffee.

Mr. McINTOSH: I am talking about sugar. I am glad that the minister has a good word to say for the daily newspapers of Canada. He is in a different category from the Prime Minister—

The CHAIRMAN: Order.

An hon. MEMBER: We are not discussing that to-night.

Mr. McINTOSH: I am. We will finish it some other time.

Progress reported.

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

Tuesday, May 2, 1933

The house met at three o'clock.

BANKING AND COMMERCE

Fifth report of the select standing committee on banking and commerce.—Mr. Matthews.

PETITION

Mr. E. R. E. CHEVRIER (Ottawa): I beg to move:

That the petition of the Genter Thickener Company praying for the passing of an act to revive and restore patent No. 209,565, together with the report of the clerk of petitions thereon, be referred to the select standing committee on standing orders for the purpose of considering the suspension of standing order 92 in relation thereto.

Motion agreed to.

GRADING OF HAY AND STRAW

On the orders of the day:

Mr. A. W. NEILL (Comox-Alberni): I wish to draw attention to an error that occurred in yesterday's proceedings. It will be found at page 4474 of Hansard. Bill No. 22, respecting the inspection and grading of hay and straw, was in committee and I endeavoured to speak on the second and third sections but was told by the chairman that that was out of order because everything had been passed previously except the preamble. The preamble was agreed to and that is all that was done, but the bill went through third reading and was passed. I now find that yesterday was the first occasion on which this bill was in committee, so not only was I deprived of the opportunity of speaking on it but this house was put in the position of passing a bill consisting of only half a dozen formal words in the preamble. If ever litigation arises or prosecutions occur under the act it will produce a rather interesting situation.

WORLD'S FAIR CHICAGO

On the orders of the day:

Hon. W. D. EULER (North Waterloo): I would ask the Minister of Trade and Commerce whether the government has received an invitation to take part in the so-called world's fair in Chicago, and if so whether the invitation was accepted, and if not why not.

Hon. H. H. STEVENS (Minister of Trade and Commerce): The two railways in Canada in conjunction with the Department of Trade and Commerce, under which exhibitions come, are taking a reasonable economic part in that fair.

WAYS AND MEANS

BEAUHARNOIS POWER PROJECT—REORGANIZATION OF CORPORATION

Hon. E. N. RHODES (Minister of Finance) moved that the house go into committee of ways and means.

Mr. E. J. GARLAND (Bow River): Mr. Speaker, before the motion is voted on, I desire once more to raise a question of supreme importance to the people of Canada, and particularly to the people of the provinces of Quebec and Ontario. I wish for a short time to discuss the Beauharnois situation with particular reference to the proposed reorgan-

ization, the effect of which unquestionably will be to turn over to the Holt interests this tremendously valuable project.

If hon. members have had the opportunity of studying the proposed reorganization they will doubtless have been as surprised and astounded as I have been that the government has permitted the matter to go to the point which it has now reached. I say surprised and astounded because on a previous occasion when an even better proposal was submitted this government would not approve of it and the proposal fell through.

The present capitalization of the Beauharnois Power Corporation is briefly as follows:

First mortgage bonds, none of them publicly issued but used for the purpose of collateral security with the banks and to secure this government for its guarantee of advances and to secure the banks for their advances, amounting in all to $22,495,000.

Collateral trust six per cent bonds, the original issue due October 1, 1959, amount $30,000,000. These were subscribed for by the public generally but principally by large interests in eastern Canada. Common stock was issued at that time of no par value to the amount of 1,720,000 shares.

The proposed new capitalization of the whole set-up is as follows:

First mortgage 5½ per cent bonds due 1973, $39,332,000.

General mortgage five per cent bonds which are to replace the present collateral trust bonds, $36,000,000. Hon. members will there notice an increase of $6,000,000, which I shall explain in a moment.

Common stock of no par value, 762,000 shares.

It should be kept in mind that the possessors of the new shares will control the whole concern. Up to the present time the bondholders are the people whose money has contributed to the construction of the project to date, and that is practically the only money that has been used by the concern other than the amounts advanced by the banks and guaranteed by the government, amounting to $16,000,000 and the $6,000,000 advanced by the banks direct, or a total of about $22,000,000. The banks are apparently to be asked, and I presume may already have agreed to accept, $24,000,000 of the new issue of first mortgage 5½ per cent bonds for their $22,000,000 of advances. As to whether transactions of that kind are permissible under the Bank Act or not I am not going to discuss at the moment, but I do submit that it is quite improper under ordinary conditions for the banks to advance money on long term bonds of the character of which these bonds will be. Secondly, I have referred already to the replacement of the original collateral trust 6 per cent bonds of $30,000,000, by the issue of $36,000,000 bearing 5 per cent. The $36,000,000 is to enable the original bondholders to receive for each thousand dollar bond a new bond of $1,200. This of course has been held out to them as a most attractive feature, but the facts are that there goes with the new bond an agreement that all interests will be waived for over four years. And presumably the $200 increase over their equity is for the purpose of reimbursing them for interest not paid up to this date,—for no interest has been paid on the bond.

With regard to the stock, it is interesting to notice that there is a provision made for the replacement of the entire original stock issue, roughly 1,720,000 shares. The actual issue was 1,800,000 shares, but the difference of 80,000 shares is that which ex-Senator McDougald was recommended, advised, instructed or coerced into returning for cancellation. Personally I have no objection to the transaction. I think it was quite proper that they have been restored, because they had been used for the purpose of paying for that quite worthless concern known as the Sterling Corporation. That leaves 1,720,000 shares. The new share issue is as follows: 172,000 shares to replace the 1,720,000. That is on the basis of one for ten, and should dispose of the matter. It might be all right if it did, but the fact is that it does not. There is an additional issue as follows: 150,000 shares to go to the present debenture holders. This 150,000 shares does not reflect to any fair degree the investment which they have made in the concern. In addition to that there is a straight grant of 200,000 shares to the Holt interests, to the Montreal Light, Heat and Power Company. For what? For agreeing to underwrite an issue of $13,500,000. For that they are to receive 200,000 shares of the new stock issue. On top of that there is to be a bonus issue of 240,000 shares to accompany the sale of the $13,500,000 of bonds which the Holt interests are to underwrite. At the present time the debenture holders and the stockholders will find considerable difficulty in being able to finance the new issue directly. So, sales of debentures to the public are not likely to be very large—that is, of the new debenture issue. The result will be that of the new $13,500,000, most of it will be subscribed, probably, by the Montreal Light, Heat and Power Company, in return for which they will receive the proportionate amount of shares. At the present time, because of their holdings in the Jacques

Cartier Company they will have a complete set up right at the start of over 270,000 of the 700,000 shares. And with their other holdings, and those of their associates, will have complete control of the company.

At this stage I wish to register my unalterable opposition to the Holt interests being permitted to secure control of this corporation. Let me suggest to the Prime Minister and to hon. members that when Mr. Taschereau and his government introduced the charter for the Beauharnois Light, Heat and Power Company, and put it through the house he urged as one of the reasons to justify his action that it was necessary to create a competing factor in the power market. Now, with the acquiescence of this administration and with more than the approval of that same Quebec government to which I have just referred, this competitive factor is being completely eliminated, and the Holt interests are being made supreme. If hon. members will recollect the debate on the Beauharnois power project they will remember that it is the largest power development known at the present time in North America. It has a potential development of something like two million horsepower; it exceeds either the Muscle shoals or Boulder dam projects in its importance and the extent of power capable of being developed therefrom. The owners or possessers of that power development will become, with their collective holdings, the greatest power trust in North America. Let that sink in. I ask hon. members if that does not imply the biggest power trust in the world. Are members of this house, who represent the people, to sit quiescent while the governments, provincial and federal, permit the creation of so powerful a trust in connection with a natural resource which is so essential to public welfare, as hydro electric energy? I for one do not purpose remaining silent.

At the outset I mentioned that this is not the first proposed agreement or reorganization that has been submitted. Mr. White, vice-president of the company, announced to a meeting of bondholders on June 10, last, that Montreal Light, Heat and Power Consolidated had made an offer some time in July of 1931. In his report he states that:

> Under these conditions we felt it would be possible during August and early September to sell first mortgage bonds. No stipulations were proposed affecting the standing of holders of either the debentures or shares.

In other words the original set up in respect of the debenture holders and shares would remain unaffected. He continued:

> We were, however, unable to make headway in this direction as the proposal did not commend itself at that time to the Dominion government.

What has brought about the change of heart on the part of this government? If the proposal at that time was not acceptable, why was it not acceptable? And, on the other hand, why is the proposal now offered acceptable? That implies two things, by the way. It implies, first of all, that the government has been exercising, as I can show, a very powerful directional interest in the Beauharnois development. It has gone to a point which implies, in their action, the right to direct, the right to control, the right to effect. I ask if they are going to remain quiescent in this matter. Are they going to permit the formation of this huge power trust in the hands of a group of people, whose records stand clearer before the people of Canada to-day than they have at any other time, as a pirating group of unscrupulous promoters and financiers, whose transactions involved the people of Canada in losses, it has been estimated, running into sums which would approximate the national debt.

Then, going back to the question of reorganization, may I submit to the government that even the debenture holders are not being fairly treated. On investment, they have up to this date, contributed by far the greatest share of funds for development. Under the new proposal they are now asked not only to forego their interest for four and a half years, without compensation, but without any enhancement at the end of that time for the contributions they have made to the concern. Of course, even in the beginning, as is clear to any student of this concern, these debenture bonds were not as represented. Just about as slick a deal as you can imagine was put over on the people. They were not as powerful, even, as the common stock, for these bonds bear less than the common stock, receiving only a portion of the income pledged which the common stock might receive. So, looking at it from the point of view of the debenture holders I submit the following, namely, that there has been subscribed to date roughly $30,000,000. We have to make an allowance for the commission paid, making the actual cash subscription $27,000,000. No income is to be received for four and a half years, or until October, 1937—if then. The interest, therefore, will amount to, it is estimated, about $2,700,000, which is never to be paid. The interest that the debenture holders must forego amounts to about $8,100,000 which, again, may never be paid. Five per cent compound interest on the interest losses amounts to about $1,926,000; or the debenture holders' contribution at the time of com-

pletion of the first stage of this project will have amounted on paper to $42,726,000 or 54·7 per cent of the total capital investment.

The common stock that under the new proposal is to be allotted to these people who have contributed 54·7 per cent is only 19 per cent—to be accurate, 19·69 per cent. The Dominion government has contributed to date a guarantee amounting to $16,000,000 or about 20·23 per cent of the total capitalization. They are to receive none of the common stock. The banks have contributed approximately $6,500,000 or about 8·22 per cent, also they are to receive none of the common stock. The province of Quebec has contributed $1,352,000 or 1·71 per cent; they too will receive none of the common stock. But Montreal Light, Heat and Power, if they purchase all the new issue will have contributed by the end of that period $12,480,000 or 15·77 per cent and will receive in shares a controlling interest. The common shareholders' contribution at this time is approximately nothing, the proceeds of sales of these shares were not funds that came to the treasury of the Beauharnois. Any cash transactions that took place were purely open market transactions as between individuals. The common shares to be allotted are 172,000. So collectively the common shareholders at the present time plus Montreal Light, Heat and Power control together 80·31 per cent of the total share issue.

It has been alleged that $13,500,000 will be required to complete the project to the point of production of 500,000 horse-power. I have consulted others on this matter, I have even taken the trouble to have inquiries made of Mr. Sweezey himself. It is contended that that is a gross overestimate, that it will not cost over $9,000,000 to complete the contract. So there is an overissue of bonds authorized amounting to somewhere about $5,000,000. Attention was drawn to that in a public statement made by H. G. Pepall in Toronto the other day, as published in the Globe of Friday, April 28. I do not wish to refer to it at greater length than simply to quote the following:

> The official figures therefore show that some $5,000,000 more than is actually required is being raised, or the official estimates of construction of $14,446,000 are in error to the extent of 33 per cent.

The Prime Minister on one occasion in this house gave voice to sentiments that were very close to the views held by hon. gentlemen in this corner. I ask him once more to remember them. I ask the house to listen to them. Speaking on May 18, 1932, the Prime Minister said:

> I believe that there is no government in Canada that does not regret to-day that it has parted with some of these natural resources for considerations wholly inadequate and on terms that do not reflect the principle under which the crown holds the natural resources in trust for all the people.

That outstanding statement of his—I would say it was the most brilliant and accurate statement he made last year—while it may be charged by some people to verge on socialism, nevertheless is in my opinion absolutely accurate, and enunciates a principle which should be applied to such projects as the one which I am discussing. This project is not one which concerns merely the province of Quebec or the province of Ontario; it concerns the whole Dominion of Canada. It is a project involving construction on a river which is not a provincial river, or merely an interprovincial river, but an international river. The government has power over it in connection with navigation rights, it has power over it under the British North America Act in connection with the power that results from the development of a canal, and it also has the further power of doing what it did last year in respect to the canal, declaring it to be a work to the general advantage of Canada. There is no difficulty with regard to the government recognizing its rights to take over a project so enormously important to the people. No one knows better than the Prime Minister the tremendous influence of electrical energy on our industrial development, on domestic facilities, and on the scientific building up of the nation. He has himself on a previous occasion referred eloquently and fervently to the immense importance of power to a nation such as ours. We may well be proud of it, for as far as I can find out we have if not the first, the second greatest power resources of any nation, having at the present time a power development already established approximating 6,300,000 horse-power, the last figures I could secure. By the way, each horse-power of electrical energy it is estimated can do the work of ten human beings. We therefore have in hydro-electrical energy, just one source of artificial power, the equivalent of 63,000,000 human beings, artificial human beings, it is true, ready to go to work for us, provided that power can be reserved for the people, to do their work for them effectively and efficiently, without overloading them with costs as a result of private development.

I would ask the government if they do not think it is high time to make either a private investigation on behalf of the government itself, or once more a public investigation, to

uncover the truth, all the truth, with regard to certain matters which have become known in the last two years, or better still in the last year. A new concern has been discovered that apparently has been interested in this Beauharnois business from the beginning or shortly after the beginning. It is called the Jacques Cartier Company. This company was created apparently by the group who held shares in the original company. The Jacques Cartier Company consists approximately of the following: Dominion Securities Limited; Wood, Gundy and Company, Limited; Montreal Light, Heat and Power Consolidated; McDougald and Henry, and Newman, Sweezey and Company. Their holdings in the pool are reported to be approximately as follows:

	Shares
Dominion Securities..	115,000
Wood, Gundy & Co..	175,000

That 175,000 has since been transferred to Montreal Light, Heat and Power.

	Shares
Montreal Light, Heat and Power.	320,000

These were secured as a result of purchasing the interests of F. P. Jones.

	Shares
McDougald and Henry..	220,000
Newman, Sweezey & Co..	120,000

So that is clear that the Montreal Light, Heat and Power have the controlling interest, possessing well over 51 per cent of the stock.

This concern has a peculiar history in two respects; first, in respect of Senator McDougald's payment on behalf of the Sterling Corporation. Perhaps that is not the correct way to put it, but it seems that when the government instructed Doctor McDougald to return the moneys paid—or would you call it the equity given for the securities?—he had 30,000 shares in the pool. The balance had to be found. The balance was found in the pool, I think—that is something I want the government to tell us. Has Doctor McDougald paid back the 80,000 shares, and have they been cancelled? I cannot get the information on that. The only information I have in regard to the matter is from the Financial Post of March 18, 1933, which brought to my attention for the first time the existence of this Jacques Cartier Company. The Financial Post relates that there was some trouble in regard to this question of transfer of the 80,000 shares of Beauharnois A stock to be surrendered and cancelled. I do not want to refer to it at length, but I hope that when the government replies, a statement will be made as to whether this block of shares has been cancelled, because until the 80,000 shares of class A stock issued have been cancelled it is held to be unlikely that any plan or reorganization will meet with approval at Ottawa.

But there is a further fact in connection with this company that is of concern. It seems that the Holt interests, anticipating a development sooner or later on the Soulanges section of the St. Lawrence river, made application for and received a charter from the Quebec government for the construction of a canal. This was well known to the late government; the matter was discussed at an inquiry held in Ottawa on the application of the Beauharnois Light, Heat and Power Company on January 30, 1929. Mention was made of this Soulanges charter, and at page 119 of the report on the application of the Beauharnois company this evidence appears:

Mr. McCarthy rose apparently with the idea that he owned the Soulanges canal.

Mr. McCarthy: No, no.

Mr. Geoffrion: He said, "We own a canal." The canal he owns is in his clients' dreams. The position of these particular clients of my learned friend is an extraordinary one. They have no grant from Quebec. They have a charter. Anybody can get a charter; charters go floating around. They have nothing but a charter; they own nothing, and they are asking you to refuse us an approval from the navigation point of view of plans for the development of whatever that is ours for seventy-five years, your jurisdiction being only over navigation, simply because they have a man who would like to develop our property himself. I suggest it is the same as if when I am asked for a building permit in order to build on my own land another member of the municipality, one of my neighbours, were to say, "No, I want you to permit me to build on that man's land instead of himself." It is about the same thing.

I direct attention to that evidence simply to indicate that this Soulanges interest possessed, as Mr. Geoffrion said, absolutely nothing but a charter. Yet I am informed that they were able to transfer that for apparently its nuisance value, for one hundred thousand shares of class A stock in Beauharnois, or its equivalent, held by the Jacques Cartier company. I submit to the government, Mr. Speaker, that if it was right—as I contend it was—to request Doctor McDougald to return the eighty thousand shares that he was coerced into paying out to the Sterling corporation, it would be right for this government to insist that this block of shares that was transferred for property that did not even have the appearance of right that the Sterling corporation possessed, should be returned to the company also. This Soulanges canal and power project, this Holt project, which now is a factor in giving them control of the stock, in effect had no value or rights whatever beyond the

possession of a charter, and as Mr. Geoffrion said charters were floating around, I might say, like thistledown on a summer day.

Mr. NEILL: Floating on water.

Mr. GARLAND (Bow River): Yes, or floating on water, as my hon. friend from Comox-Alberni (Mr. Neill) suggests. The chief reasons why I urge upon the government serious consideration of the advisability of declaring this to be a work in the national interest and expropriating it for the people of Canada are not only because of the enormous power development and the control over industry and people that this entails but also because of the gigantic profits that can be made out of it under its present financial set-up, and further because it concerns the whole question of the waterways. I submit that if the government permits the private development of the Beauharnois section, which is the richest section of the whole river for power purposes, first because of the engineering features and secondly because of the quantity of power that can be developed there, they are going to leave the Lachine section, in which the development of power is not economically profitable, requiring an enormous capital in comparison to the amount of power involved, to the government to develop. It will mean that sooner or later, in carrying out the waterways project, this government will have to undertake the development of the Lachine section itself at the expense of the taxpayers, while the Montreal crowd, the private interests, get away with gigantic profits, which would be more than sufficient to finance the entire Canadian share of the waterways project.

Let us consider that for just a moment. It is estimated by some that it will cost about $13,000,000 to complete this power project, though as I have said, well known engineers have suggested that it will not cost more than $9,500,000 at most. It has been estimated also that the completion of the entire power project will cost in all about $70,000,000. The earnings on contracts already entered into will amount to about $6,000,000 a year as soon as the power is available. The actual operating costs, on the basis of about $2.50 per horse power, will amount to about $750,000 a year, so there will be a net operating revenue of $5,250,000. It is also expected, as we might have suspected from our experience with the hydro-electric in Ontario, that there will be a surplus of power over and above the estimate made on the water flow, and in this case the surplus is estimated at about 100,000 horse-power. At present there is in existence in the province of Quebec a measure which permits the exportation of part or all of this power. It will be seen that this additional 100,000 horse-power is clear velvet, and the prospective earnings on which are estimated at $1,100,000, making a total net operating income of $6,350,000 per year. Interest charges will amount to $2,800,000, so the net profits may be estimated at $3,550,000 per annum.

Now let us take the other side of the case. Let us suppose that it costs $18,700,000 to complete the canal for navigation, and remember that work is not to be done by the Beauharnois power corporation at all. It must be done now by this government, which has taken over the canal; it has the deed in its hands and the agreement has been signed. That $18,700,000 must be contributed by the Dominion government for the construction of locks, lights, services and so on in connection with navigation. A new development has taken place, however, and this is most extraordinary. The canal which was taken over last year amid such applause is now worthless; you cannot move a boat up it. You can barely float a light barge on that canal. Why? That is so because it has been found necessary to put in a dam, and at the present time in the Beauharnois canal, about three and a half miles from its inlet at lake St. Francis, near the location of the first railway bridge, there is a dam which cost about $200,000, a permanent dam that cannot be removed. Let us understand the significance of that fact. It means that when the time comes for this canal to become a part of the great waterways project this government will have to build a new spur canal in order to get around this dam. A few days ago I had a conversation on this subject with one of the chief engineers of the department, and he told me that it will cost at least $4,000,000 to build this new canal, with a check gate for the purpose of creating still water on the upper side. With regard to the feasibility of the project from this point of view, those who have studied canal propositions know that there must be a certain radius of curvature. This canal is built on the basis of a five thousand foot curvature, and if that is not maintained seagoing vessels of considerable length and weight will have difficulty negotiating the necessary turns or curves. If, therefore, the inlet or outlet of the new canal required as a result of the building of this dam does not fit in with the needs of vessels of this kind the entire canal may be ruined forever. I am really convinced that the engineer's estimates in connection with what will be required to make it navigable are conservative. I believe that the

cost will not be $4,000,000 but in excess of that sum, but for the sake of our discussion we will take the figure he suggests, namely, $4,000,000. You must then add the $4,000,000 to the $18,700,000 already required.

I come now to the Lachine section. The report of the joint board of engineers, which I have under my hand, and other documents as well, have indicated an estimated cost of the Lachine section of $53,000,000—that is, simply to make it part of the great waterways scheme—or a grand total cost of $75,000,000 in order to make this part of the river navigable under the waterways scheme. I submit that if the Dominion government would expropriate this concern and issue bonds required for the construction of the rest of the canal, at the same rate of interest, they would make sufficient profit on the present contracts alone, plus this 100,000 horse power, to pay for the entire construction, and on top of that have a net profit of $750,000, which by the way might be applied to the deficits in connection with the Montreal harbour project or something of that kind. These figures are based on the completion of the power project up to the first stage of 500,000 horse power.

I have already intimated that under private ownership there is no security for the people of the province of Quebec. There is no guarantee any longer of even competitive rates, for they are left at the mercy of the Montreal Light, Heat and Power Company and its associates—an inhuman position, I contend, in face of the rates they are charging in comparison with those that obtain under the provincially owned hydro electric project of Ontario. Remember, I am not proposing that the government should go into the business of distributing power, but I am urging that it should take over this enterprise, which is the natural heritage of the people, and develop it as part of the great waterway system, and it should then undertake to sell power to whoever may distribute it in the province, exactly on the principle of the hydro electric of Ontario. Private interests are developing and selling power at $15 per horse power and I am satisfied that it could be sold, as I am informed it is now about to be sold to United States interests, at $12 per horse power or less. I have no doubt that is possible under public ownership; I am absolutely convinced of it from information I have secured in the matter.

I am definitely and unalterably opposed to the export of power. When a few years ago this question came up first, Mr. Taschereau accepted the idea of the Beauharnois Light, Heat and Power Company coming into existence. I have already stated two reasons why, and I wish now to refer once again to one of those reasons; it was to supply the power requirements in the province of Quebec. In other words, it was urged that there was not at that time sufficient power and apparently Mr. Taschereau wanted this done. Now note that before this power becomes fully available—only a small part of it is now available—Mr. Taschereau comes forward and urges that they should be permitted to export power because they have too much. Surely that is perfectly absurd. I submit further that once Canada exports power it can never get it back again. You can never permit the establishment of municipalities, industries, plants, homes and so on on a natural resource upon which people will depend so utterly, and hope eventually to recover that resource. You cannot do it short of war, and I protest most vigorously against the proposal that the provincial government of Quebec, apparently with the acquiescence of this government, should permit the export of power.

I am not alone in my opinions in this regard, or at least I hope I am not. Certainly at one time I was not, for in this house the Right Hon. Arthur Meighen himself, in the year 1925, when this question of the export of power came up in connection with Carillon, used language which I should be very proud to use in this matter. He said:

> The asset that Canada has in its water-power could not be appreciated by any man however gifted, even four years ago, to say nothing of sixteen or twenty years ago, as it can be appreciated to-day. . . . There may be American capitalists who will sign agreements that the power is withdrawable; but if they do, they know it is withdrawable on paper, but that never in actual fact can it be withdrawn.

He had some other trenchant things to say about it:

> Now the fact is that an application as astounding in its audacity as any ever presented has been before the government for months, lying in the government files, and lying there without repudiation, without one negative word going to those who are behind the application.

I should like to know whether those words are not absolutely applicable to-day, whether this government has not had in its hands for weeks a permit for the export of power. In answer to my question some weeks past there was a clear evasion of the matter so far as I could see, and I hope the Prime Minister will reply to that point. I submit to him that he has no right to consent to the export of power from this dominion, not even on the yearly basis.

Mr. MERCIER (St. Henri): Isn't the hydro electric of Ontario exporting power?

Mr. GARLAND (Bow River): Yes, it is exporting power because it took over a concern which was under contract to export power before the hydro took it over; that is all; it does not export power itself.

Mr. MALCOLM: Yes, it does.

Mr. GARLAND (Bow River): My information is that it does not.

Mr. MALCOLM: Yes, it does.

Mr. GARLAND (Bow River): In any case, that does not detract from my argument, because I contend that it should not be done. Ontario should not be allowed to do it any more than Quebec, and this government has a right to prevent it in either case. There is a definite responsibility on the government to prevent this being done.

Mr. CHAPLIN: It was done previously by companies which the hydro bought out.

Mr. MERCIER (St. Henri): It is the same thing.

Mr. CHAPLIN: It is not.

Mr. GARLAND (Bow River): The information given by the hon. member for Lincoln is the information I have, namely, that in every case where power is exported by the hydro electric of Ontario it was agreed upon by the companies before they were taken over by the hydro electric commission.

Mr. MALCOLM: I do not like to interrupt the hon. member, but the hydro electric of Ontario is exporting, under the guise of off-peak power, substantial quantities to the United States, which were not exported at the time the power companies were taken over.

Mr. GARLAND (Bow River): Then I am opposed to it definitely, just as I am opposed to this. I suggest with all deference to the government that the remainder of this Beauharnois development should now be declared to be a work for the general advantage of Canada. Secondly I suggest that this government should create a federal hydro commission to supervise and complete this power development and any other that may be required as a result of the creation of the St. Lawrence waterway.

Mr. EULER: May I ask my hon. friend a question?

Mr. GARLAND (Bow River): I am sorry, I have not time in my forty minutes. Thirdly, I suggest that when the time comes the whole project should fit in as a proper part of the waterway system. In support of that position, in case anyone raises the constitutional question in this matter, let me say this. If hon. members will turn to subsection 10c of section 92 of the British North America Act they will find the following as coming within Dominion jurisdiction:

> Such works as, although wholly situate within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

I submit that there is power under that clause to declare this work to be the national advantage. I refer hon. members also to section 108, which reads:

> The public works and property of each province, enumerated in the third schedule to this act, shall be the property of Canada.

Clause 1 of the third schedule reads as follows:

> Canals, with lands and water-power connected therewith.

These are within the control of this government.

Mr. LAPOINTE: Then existing.

Mr. GARLAND (Bow River): I submit that this canal should be declared to be in the national interests and that the power incidental or ancillary to the construction of the canal should be taken over by the government in the public interests of Canada. A federal hydro commission should be created and the government should undertake the further development of this project in the public interests.

The matter of power is enormously important because of the reasons I have just suggested. It should be taken over and made use of, not only for the benefit of the people by means of lower rates but in order that the profits obtained thereby shall not go into the private pockets of Sir Herbert Holt and his associates but be used for the construction of a deep waterway which will prove to be a national asset. If hon. members will read some of the documents which have been issued in connection with this waterway they will find that practically every engineer has suggested that the power developed should be used for the purpose of defraying the great cost of canalization. I should like to refer to the report of the Canadian national advisory committee. I quote from the majority report which appears on page 19 of a white paper published by the government in 1928, entitled St. Lawrence Waterway Project, as follows:

> We believe that the first concern of this committee should be, and of the government will be, the national aspects of the proposed undertaking.

It continues:

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

That statement implies that private interests will be allowed to develop the waterways upon the understanding that they construct the canal. No agreement to that effect is to be found in connection with the development of the Lachine section by the Beauharnois interests. The minority report, signed by Mr. Beaudry Leman and Mr. Adelard Turgeon, two eminent French Canadians, contains the following:

It would appear of great importance that the crown retain permanently its proprietory rights in all the improvements connected with this vast undertaking and pertaining to both navigation and power development. It is not difficult to visualize the immense value to Canada of retaining the control and disposal of such a large amount of hydro-electric energy admirably situated and which may be advantageously developed. In respect of an undertaking of this magnitude, which may insure the prosperity of many generations of Canadian citizens, the permanent ownership of this great Canadian heritage should not be surrendered to private interests but the operation of the power works developed by such a project could be leased or farmed out, under conditions to be studied and determined.

I submit that the conditions as they now exist are not in the public interest and I urge the government to again take into consideration this whole matter but in the meantime express its disapproval of the proposal or proposals which are to be put before the bondholders in Montreal, I believe to-morrow. After having made further adequate investigation of the matter, the government should seriously devote itself to the task of taking over this project in the interests of the people of Canada.

Mr. ROBERT GARDINER (Acadia): Mr. Speaker, before you put the motion I should like to say a few words in regard to this matter. The question of the development of this particular section of the deep waterway scheme by the Beauharnois Power Corporation was first discussed in this house on May 22, 1930. At that time I had the privilege of introducing the matter. On that occasion the house was given such information as was available but further information has come to us from time to time. May I say that I heartily approve of the presentation of the subject matter made this afternoon by the hon. member for Bow River (Mr. Garland), and I support him in his contention. It is not my purpose to take up much time of the house, but I should like to bring forward one phase of this important question which the hon. member for Bow River did not touch upon to any great extent. I refer to the control of the price or the charges which this company may make for power when it is once developed and being delivered to the people. Most hon. members will remember that the present Prime Minister (Mr. Bennett), then leader of the opposition, took part in the debate on May 22, 1930. I well remember how he castigated the government of that day because it had not taken proper precaution to see that once power was developed the people of Canada would be able to obtain it at reasonable rates. I have searched all the orders in council I have been able to find which have been passed by the present government with reference to this Beauharnois project and I must confess that I have failed to find one sentence which purports to do that which the present Prime Minister said in 1930 the then government was delinquent in not doing. I submit that as far as the protection of the public is concerned, the present government has not done any more than the former government did to protect the people from the payment of high rates to the company. The present Prime Minister is reported on page 2418 of Hansard of May 22, 1930, as follows:

When the government of this country had the opportunity to exercise control; when they granted permission to this corporation to carry on its operations—for, mark you, it could not function for one day and could not market a kilowatt of power without approval by the government of its plans to divert water from the lakes and stream above to the lakes and stream below—it should have exercised that control. In the face of the story we heard to-day the present situation constitutes an outrageous proposition.

In my professional career I have had to do with a great many such enterprises, and I have an idea what would be just compensation for men who promote, foresee, and have vision.

Then he goes on to say:

In the light of what was stated this afternoon, will any member stand in his place and say that the promoter's compensation is just when we begin to talk about a hundred million dollars? It staggers our imagination.

On the next page, page 2419, the Prime Minister made this statement:

But what position are we in? The power that once belonged to Canada and to all the people—and I have a very strong conviction when I use those words—has now passed irrevocably out of our hands. The price at which that power is to be sold for Canadian development is to be passed upon by three managers for the next ten years. That is what it means.

The Prime Minister went on in the same strain and I could turn over another page and find similar quotations to those I have just read, castigating the government of that day because they had not taken proper steps to see that the people would be protected in the sale of this power. I quite admit that the Prime Minister was correct at that time, but if he was correct then, is he not just as correct to-day in taking action having for its purpose the control of prices which the people will have to pay for the power developed from this project. In my judgment the government, because of the legislation that was passed late in the session of 1931, has had all the opportunity and all the power necessary to see that the prices charged for the use of this power shall be within reason; but what have they done? They are in exactly the same position as was the former government. As far as the present government is concerned it has done nothing whatsoever to protect the people in that regard; it is in exactly the same position as the former government, and I might refer to the words of the Prime Minister when he dealt with that subject. If the former government was delinquent, as it was according to the Prime Minister's statement, then I submit that the present government is equally delinquent, more particularly in the light of the declaration which the Prime Minister made on May 22, 1930. I could quote for the benefit of the house several very admirable remarks which were made by the Prime Minister at that particular time in support of the contention I am now making, but I do not wish to weary the house to that extent.

I wish to call the attention of the house to another phase of some importance. Speaking in the House of Commons on April 18, 1932, the Prime Minister made a statement with regard to the position of the Beauharnois undertaking and the policy of the government. This had been asked for some time previously, I think, by the hon. member for North Waterloo (Mr. Euler), and on April 18, 1932, the Prime Minister said, at page 2105 of Hansard:

> The government by every means in its power will endeavour to do the following: (a) secure continuance of the enterprise; (b) secure the rights of those who bona fide have put their money in that enterprise; (c) secure proper control and management; (d) take such other steps as may be necessary when terms and conditions are fixed, as will ensure the greatest possible benefit to this dominion as a whole by reason of the undertaking now being declared to be a work for the general advantage of Canada.

It is well known to members of this house that because of the inability of the company to find sufficient funds the government finally decided to guarantee the banks for advances to complete the work. The money advanced to the company under this guarantee amounts I understand to something like $16,000,000. Prior to that the banks had advanced to the company something like $6,500,000.

What is the position to-day? As far as the canal and as far as the power works are concerned, they are practically completed, although there may be some slight expenditures necessary actually to complete the canal and the power plant. The largest amount of expenditure still to be made is for the control works in the St. Lawrence river, and it is estimated that these improvements which are necessary to control the water in the St. Lawrence through canalization in the Beauharnois section will cost from $9,500,000 to $13,000,000. There is some difference of opinion between engineers as to what the total amount will be, but whether it is $9,000,000 or $13,000,000 is not the significant point at the moment. The fact remains that this expenditure will take place over three or four or five years inasmuch as this kind of work can be proceeded with only very slowly.

The point to which I wish to direct the attention of the house is that the government in order to ensure the completion of this work put the credit of Canada behind the undertaking. They guaranteed the borrowings from the banks to the extent of $16,000,000. At the same time I think it is only fair to the Prime Minister and the government to say that they extracted from the company mortgage guarantees in the proportion of two dollars for every one dollar advanced under that guarantee, the mortgage guarantee being held by the banks. Now the point is this: The government as far as I understand it have stopped the financing of this company. If in the Prime Minister's opinion on April 18 of last year it was necessary to see to it that this work was completed and that the government would ensure its completion, may I ask the Prime Minister in all seriousness why it is that the government have stopped short in supplying the necessary guarantees for advances from the banks at this particular time? Why did the government stop when the canal and the power house were practically completed? Is it because of the fact that the Prime Minister realizing the importance of the Montreal Light, Heat and Power Company, desires to see that company get control of this particular development? Has the government stopped the supply of funds for the completion of this project at a point where the collateral trust bondholders will be forced to accept the pro-

posals of the Montreal Light, Heat and Power Company? That is the question which I think is uppermost in the minds of those who have been following this transaction.

I have already quoted the statement which the Prime Minister made last year, and I shall quote again from the same page, from the Prime Minister, what is necessary to my argument. It would appear that on the sixteenth day of September, 1931, the premier of Quebec saw the Prime Minister of Canada, and the premier of Quebec and a cabinet colleague suggested that it might be advisable to permit the Montreal Light, Heat and Power Company to secure control of this project because of the fact that they were in a position both to manage and to finance its completion. What does the Prime Minister say?

I intimated that that proposal did not commend itself to the government at that time. Within a week Great Britain went off the gold standard, and financing by any body or group of men became impossible. The government continued, however, to take the responsibility—

And so on. If it did not commend itself to the government at that particular time to permit the Montreal Light, Heat and Power Company, namely the Holt interests, to secure control of this valuable project, what is the opinion of the government to-day? Have they changed their mind in that regard? Are they willing to-day to permit the Holt interests to get control of this project? What is the answer of the government to that question? If they have changed their minds, what has made them change? If they have not changed their minds, what is the government going to do about the situation? What action are they going to take to see that the project will continue to develop? I believe it is important enough for the Prime Minister to make some statement in regard to the possibility of what will take place to-morrow. Hon. members must bear in mind that the collateral trust bonds were sold not only in Canada but in other countries as well. They were sold in small denominations, as well as in large. What hope has a small bondholder against a crowd like the Holt interests to secure justice? So far as I am concerned I shall say this, Mr. Speaker, that I believe these collateral trust bondholders should be protected. I believe any person who has put actual money into this concern, any person who has real money in it, should be protected. I hove no objection to that. But we are considering the situation in so far as the capital stock of the company is concerned. There is practically no capital invested at all,—the whole transaction has been carried out on borrowed money. Yet those who control the common stock of this company are going to determine what shall be the fate of these bondholders. I submit the government could very well, and with justice, take over this project as part of the great seaway enterprise which we intend to build, and probably will build in the near future. It gives me a great deal of concern, when I contemplate the possible cost to the people of Canada of a deep seaway. More particularly is that so if the government, when through canalization they create a head of water, do not take advantage of the opportunity to make the best use of that head of water in the interests of the Canadian people. I have no objection to the government securing to the province of Quebec the rentals to which, under agreement, she is entitled, until such time as the question has been decided by the court of final jurisdiction as to who has the rights or as to how these rights are to be distributed. To that extent I would keep faith with Quebec; I think that would be justified.

But the point I wish to emphasize more particularly is that if we are going on to develop this seaway we must see to it that so far as proper development is concerned the Canadian people secure the benefit of such development, not only through facilities for navigation but through the development of power. I would withhold consent to the development of the seaway until such time as the government had placed before this parliament a policy which will take care of that particular situation. I believe the seaway will come. but unless it is properly handled it is going to be an expensive affair for the people of Canada.

Now, may I add my word to those of the hon. member for Bow River in asking the government to do its duty by the Canadian people by taking over this project, and making it a national concern. Pay to the province of Quebec the rentals which are due under agreement until such time, as I have already stated, as final decision has been made. By that means the Prime Minister will have done something really worth while for the people of Canada. These two great provinces of Ontario and Quebec, where most of our manufacturing is done, have no coal. But they have something to-day which is much better than coal, namely the energy derived from the waterpower,—white coal or white power, as it is termed. To-day that is far more important than coal. The cost to manufacture

goods by means of this energy will depend to a great extent upon what the manufacturers will have to pay for the use of it. That is a matter which not only concerns the central provinces but the maritimes and western provinces as well. I believe the people of western Canada are getting tired of carrying the burden which they are carrying. May I point out to the Prime Minister that only recently there took place in Australia something which should be of great concern to the government of this country, namely the decision of the people of western Australia to withdraw from confederation. How long can this country expect the western and the maritime provinces to carry the load they are carrying? If the government would take advantage of every opportunity to reduce costs of production so that lower prices may be secured, then I think probably the rest of Canada would be satisfied. But if we throw away this heritage and permit it to be exploited by a set of gangsters for which the people of Canada have no use and who have probably done more harm to Canada than any other class of people I can think of—if the government is going to permit that kind of thing to go on, then I am not very much impressed as to the future unity of Canada.

Mr. J. S. WOODSWORTH (Winnipeg North Centre): Mr. Speaker, on two previous occasions I have attempted to back up, as well as I could, the presentations made with regard to Beauharnois by the hon. members for Acadia (Mr. Gardiner) and Bow River (Mr. Garland). I feel I cannot do other than add my observations again to-day. I know that in one of the editorials of a recent edition of a western newspaper it was pointed out that the net results of the efforts of the hon. member for Acadia, leading the group in this corner in his presentation of the case had been simply to take away a certain enterprise from a small corporation, and turn it over to a large one. I think perhaps that is not altogether an unfair criticism. But I should like to say that this is not the fault of hon. members in this corner of the house. Several years ago we did our best to expose something which we believed was inimical to public welfare, and which involved a very serious graft and a very considerable amount of political corruption. We did our best to present our point of view to the public, and there is no doubt at all that certain individuals were exposed. The public were aroused. As everyone knows a committee of this house investigated the matter up to a certain point; then it was dropped. However certain members of the Senate were found guilty of practices which made it necessary that they should be dealt with.

All that was done. Public attention was called to the matter, and the whole question was then placed squarely before the present government. If we in this corner have failed to secure what we set out to accomplish, namely the nationalization of this great power scheme, or the bringing it in some way under the control of the public and making the power developed available for the use of the public at the lowest rates possible, it is not the fault of the members in this corner. The government itself must be held accountable for the situation.

It seems to me almost incredible that the government to-day can sit silent, refusing to give any statement with regard to a matter of this importance. Some of us may be regarded as cranks, we may not be taken very seriously from the political standpoint, because of the smallness of our numbers, but let me say that this is a matter that arouses tremendous interest throughout the entire dominion. We were blamed a few years ago because we had not carried the matter further. We had not the political weight to carry it further at that time. We could simply put it up to the country and the government. The government had full power to deal with the question, and to a certain extent the government did deal with the question. It realized that the enterprise must not fail, and it came to the assistance of the bondholders. It gave certain guarantees to the banks. But there it stopped.

Now I cannot see that at this stage of this session any useful purpose would be served by covering again the ground that we so thoroughly covered on previous occasions, but I would suggest very briefly one or two points. As has been urged by previous speakers, the rights of the collateral trust bondholders do not seem to be protected. They are protesting against this, they are calling upon the members of this house to do something to protect their rights. It seems to me that we as members have a duty to voice these protests and call upon the government to take some action. The government apparently believes itself so firmly entrenched that it can well afford to disregard not only public opinion on general questions but actually the cases brought before it by members of other parties. I say that the rights of the collateral trust bondholders are apparently not protected. Further than that I think it is obvious from the statements made by the hon. member for Bow River that the navigation rights on the

St. Lawrence are not protected. We have perhaps certain safeguards in the fact that we now technically own the canal, but it is going to cost us a great deal more than necessary to develop it, and our rights in that regard do not seem to be protected under the present arrangements.

Of course the real difficulty is that we and the public generally cannot find out exactly what the present arrangements are. The government in this and some other matters is preserving a secrecy which has hitherto been unknown in public affairs in Canada. They think themselves free to give information or withhold it, and justify their position on the ground that information is not in the public interest. We are not willing to admit that this policy is in the public interest. When the bondholders come to us begging for protection, when we are told that the government itself is constructing a dam which may mean ultimately a very heavy expenditure for a branch canal, it seems as if we are entitled to some statement from the government as to what is going on.

Further than that, it would not seem that the public are protected. There is no indication that the public will be safeguarded in the rates that may be charged in days to come. That protection is taken care of in many affairs, but apparently it is not being given in this case. This great power development would in effect be turned over to the Montreal Light, Heat and Power Consolidated, which for years has so successfully exploited the city of Montreal.

Mr. CHAPLIN: Did the hon. gentleman say that the government was constructing this dam?

Mr. WOODSWORTH: I understood from the hon. member for Bow River that a dam had been found necessary and had been constructed under the direction of the department and that this action would make necessary on the part of the government a spur canal in order to make the canal available for navigation purposes.

Further the dominion claims have not been pressed. When this matter was discussed before the supreme court several years ago an excellent case was made out for the right of the dominion to control the canal. I cannot see why this matter could not and should not have been carried further, before handing over the whole enterprise to the province of Quebec. I can remember some years ago reading rather carefully that document, or parts of it, and I found that Hon. Lucien Cannon acting at that time for the dominion, presented what to me as a layman seemed a very effective case. I cannot see why the present Conservative government should let Quebec have its own way in a matter of that kind. It seems to me the case might have been referred—

Mr. LAPOINTE: Did my hon. friend also read the judgment, which was really the authority?

Mr. WOODSWORTH: Yes, I read the judgment, and as I was about to say I cannot see why the case should not have been carried to the privy council, as is done in a great many other cases. Again and again the judgments of our courts have been reversed. I do not think we can take the judgment of the supreme court as final.

Still further, as regards power being exported to the United States, it seems to me that Canadian interests have not been carefully considered. A few years ago it was very generally considered that it was rather a dangerous thing to permit the export of power to the United States. I do not quite see why that export should now be permitted, without careful consideration by the people of Canada. Here again is where I as a layman am somewhat confused. Has the Quebec legislature or the government of Quebec the authority to permit the export of that power?

Mr. CAHAN: It has never assumed that right, nor has it ever suggested it.

Mr. WOODSWORTH: Then that power lies here with the Dominion government. Am I right?

Mr. CAHAN: Undoubtedly.

Mr. BENNETT: He has already made a statement on that point, why continue?

Mr. WOODSWORTH: I may have been careless, but it has not come to my knowledge that this government has taken a clear cut line in that regard.

Mr. LAPOINTE: A licence has to be issued by this government for the export of any power.

Mr. WOODSWORTH: Well I think a statement of government policy should have been made in that regard.

Mr. LAPOINTE: It is in the statute.

Mr. WOODSWORTH: But what is the government doing about it? Are the interests of Canada adequately protected? These are points I want to know something about; I have no knowledge, and I think the public has no knowledge. It seems to me that this is an issue of sufficient importance to be brought to the attention of this house. I know that

it is the government that in the last analysis decides such matters, but at least there can be some public discussion of the matter, and some opportunity for the public at large to express itself. At the present time we are not granted that opportunity, in fact this is simply another instance in which, rightly or wrongly, we are getting away from the idea that parliament is the body that has authority with regard to the most important matters that concern this country. Apparently the house is to be sidetracked, neglected, ignored, the government claiming absolute right to decide these most important matters of public policy with scant regard to the wishes of the people as expressed through their chosen representatives. I do think the Prime Minister should make a statement to this house, even if for no other reason than to enlighten our ignorance and clear up any misconceptions that may generally prevail. I think we should have a statement from the Prime Minister with regard to the points we have raised to-day. I do not think it is too much to ask that the public should be informed very definitely with regard to the protection being given Canada in the matter of power export, the protection being given the bondholders, any action that is being taken by the government to reserve for Canada its fundamental rights in connection with this canal and any action that is being taken to safeguard the financial interests of this country. I know that some years ago my hon. friend the Secretary of State (Mr. Cahan), for whom in common with all hon. members of this house I have a very high regard, took the position that we must concede that this was entirely a provincial matter. I cannot concede that point, and it does not seem to me that the country is willing to concede it. I would rather take the position, as I did in the house two or three years ago, that the St. Lawrence river is on a different basis from many other streams and that the power developed there is also on a different basis from the power developed locally in other areas. I take it that the St. Lawrence is essentially a national and an international stream, and that under those circumstances we cannot deal with this matter in a provincial fashion. I think that unless we are careful this administration may surrender claims which ought not to be surrendered with regard to the effective control of this great river.

Mr. DUPUIS: Upon what authority is my hon. friend basing this opinion?

Mr. WOODSWORTH: I have given my authorities at some length in previous discussions, and I cannot see that there is any very useful purpose to be served by citing those authorities again. The hon. member will find them in the speeches of the hon. members who presented the case previously.

Mr. DUPUIS: It is not in the British North America Act.

Mr. WOODSWORTH: Yes, it is in those portions of that act read only to-day by the hon. member for Bow River (Mr. Garland).

Mr. DUPUIS: Does the hon. gentleman suggest that the British North America Act makes a difference between the St. Lawrence and other rivers?

Mr. WOODSWORTH: Yes, it does. It is all very well for the former Minister of Justice (Mr. Lapointe) to shake his head; I heard him suggest a little while ago that these clauses in the British North America Act applied only to canals already in existence when the British North America Act was passed, but I do not think that position can be successfully maintained.

Mr. LAPOINTE: Would my hon. friend apply the same theory to the Niagara river, which is also navigable, and would he claim the developments which have been carried on there instead of leaving them under the control of the hydro commission of Ontario?

Mr. WOODSWORTH: Ultimately that claim may be made, but the Niagara river is in a different position.

Mr. LAPOINTE: Where does the hon. gentleman find that?

Mr. WOODSWORTH: There are two points I might mention, Mr. Speaker. One is that I think a very good case could be made out for the continuity of ownership of the canal, ever since the original grants were made to the Roberts. This canal has been changed; its location has been somewhat altered; certainly it has been enlarged and it has assumed an altogether different position in the public life of this country, but there were certain grants made in the very beginning which have continued through the years in one form or another, which it seems to me would offer a very strong presumption in favour of the rights of the dominion in connection with that canal. There is a recognition of this in the fact that certain rental payments are being made to the Dominion government to the present day.

Then there is the other aspect of the question. The St. Lawrence river is a navigable stream; it is proposed to make it part of an

international waterway, and again and again the engineers have asserted that there seemed to be no reason why the cost of the canalization should not be borne by the water power developed. If the late government had been a little more energetic and forward looking they would have started the development of the canal, and almost automatically the control of the power would have come into the hands of the dominion. Unfortunately the federal government was slow in acting and the power development was started first. The province of Quebec claimed certain rights because of that power development, and later on the Dominion government considered that we had to fall in line and that the canal had to be carried on as an independent enterprise, with the cost borne by the Dominion government. But even though that action was taken in the past it seems to me that we still have the power of asserting our control over this enterprise. As the hon. member for Bow River urged, it is quite within the power of the present administration to declare this a work for the general advantage of Canada, and I think under those powers, which are undoubtedly under the British North America Act, we might control the whole situation, both as to canalization and water power, and thus save this enterprise for the people of Canada. In another connection last night I directed attention to the tremendous control which, through the years, had been secured by Sir Herbert Holt over various financial and industrial enterprises in this country. To-day it seems as though we are playing into the hands of Sir Herbert Holt and adding still more power to that possessed by a great corporation that has already almost strangled the industrial and financial life of this country.

Once more, Mr. Speaker, I would urge that if we have not been stating the facts correctly to-day the government should set us right, for some of us are honestly perturbed about the whole situation. We feel that in our speeches to-day we have represented the fears and the hopes of a large number of people in Canada.

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, when a discussion of this kind is contemplated in the house it has been customary for notice to be given to the leader of the government or some minister concerned with the matter in question. No notice was given and therefore I do not propose to traverse the matter at length, though I may do so later. This discussion indicates at once that it is not always desirable to rely upon briefs prepared outside and given hon. members of this house to read in this chamber. I make that statement very carefully and I know exactly what I am saying.

Mr. GARDINER: Just what does the Prime Minister mean by that statement?

Mr. BENNETT: I mean exactly what I have said, and just that; the hon. gentleman can read it in Hansard, and he will know what I mean. I read some of the speeches delivered in previous years before they were made. Let us have no misunderstanding about the position of affairs. This afternoon in this house three hon. members charged that power was to be exported from Canada, that an arrangement had been made to export power from this country. Three hon. members made that statement, one after the other, in this chamber.

Mr. GARDINER: Who were the three members?

Mr. BENNETT: The hon. member for Bow River (Mr. Garland), the hon. member for Winnipeg North Centre (Mr. Woodsworth) and the hon. member for Acadia (Mr. Gardiner).

Mr. GARDINER: I did not make that statement during the course of my remarks.

Mr. BENNETT: Then if my hon. friend's words did not mean that they meant nothing; they were simply an endeavour to fasten on the government some responsibility which does not belong there.

Mr. GARLAND (Bow River): The hon. member for Bow River referred to the bill passed by the Quebec legislature.

Mr. BENNETT: And he made statements about this government. It is not as though the hon. member were an ignorant man; he is a gentleman of culture and education, and he knew perfectly well that there was a law on the statute books of the dominion stating very definitely that no power can be exported without the consent of the governor in council; he knew perfectly well that no such consent or licence had been given.

Mr. GARLAND (Bow River): Quite right.

Mr. BENNETT: Then that settles it.

Mr. GARLAND (Bow River): I referred to licences that might be granted.

Mr. BENNETT: The statement was made the other day that no licences had been issued.

Mr. GARLAND (Bow River): I wanted to know if licences were going to be issued.

Mr. BENNETT: That illustrates the course that has been continuously and persistently pursued by the hon. gentlemen who have spoken this afternoon. There have been no

licences issued for the export of power from this dominion. What is more, if the hon. gentlemen had been as industrious as they might have been they would have found that the principle asserted by Mr. Meighen as to the danger and the difficulties which would follow the granting of licences for the export of power and the building up of communities was known to every member of this administration and of this house. None of the licences that are outstanding is new; every member of this house knows that they are not new licences. The only new licence issued under that statute, so far as I know at present, is one with respect to natural gas in western Canada, and if my memory serves me, it was issued by the late government, with the consent of the attorney general of Alberta, and renewed by this government.

Now, there is no foundation in fact or otherwise for the assertion that any licence for the export of power has been granted by or asked for from this government in connection with Beauharnois—not any. And, secondly, the statements that have been made with respect to the bondholders and their position are questions that involve a long and tedious reading of the facts for which no opportunity has been afforded any member of this government in order that the matter might be dealt with this afternoon. At the appropriate time, if it is thought desirable, a statement will be made; but to spring a discussion of this kind upon this house and then expect that any member of the administration is going to follow with a detailed analysis and, failing that, to be charged with not having dealt with every factor that has been presented is something unheard of in the previous practice of this house. Moreover, it is something that will not conduce to the orderly discussion of public matters. When the opportunity arises, if it is thought desirable, a statement will be made.

Hon. W. R. MOTHERWELL (Melville): I have not received any invitation to speak on this occasion, but sometimes I speak without invitation. I am not going to enter into the differences between the government and our friends to our left, but if the stand consistently taken by the hon. member for Acadia (Mr. Gardiner) throughout the west last year is right, that this property, this water power, belongs to the Dominion of Canada—that was the report that appeared in the press—I would point out that no expropriation proceedings would be necessary because the property would be ours without having recourse to such proceedings. And that impression was left on my mind by my good friend the Minister of Immigration and Colonization (Mr. Gordon) in the speech which he made as chairman of the Beauharnois investigation committee. He gave a very good speech on that occasion, from his standpoint, and one statement appears to have been overlooked by the house and the country. After stating that campaign funds were quite necessary, he said—

Mr. BENNETT: That was the Jacques Cartier company he was talking about there; that was what the issue was about.

Mr. MOTHERWELL: We shall see when we read his statement. After making that remark in regard to campaign funds, he put in the usual "but":

> But those who contribute to a party's coffers, inspired only by the hope—and in time something more than hope—that they will, by reason thereof, be able through the influence of that party to alienate from the people of the country the resources that belong to them—those contributions, I say, and those who make them cannot be too strongly condemned.

So that if there is not a direct statement, at any rate there is a very direct implication there, on the part of my good friend the Minister of Immigration and Colonization, that this property which we were talking about belonged to the people of Canada, and that anyone who dared to alienate it for political purposes was worthy of severe condemnation. Now that was what the whole blessed report was based upon, and it is no wonder the hon. member for Acadia took up the same refrain all through the west and pleaded that everyone should come and help to save this great property of ours. The cry was, "Let us nationalize it like the hydro in Ontario." And who was the one that stood in the way? Well, that is the situation. I am not going to quarrel with the government just now over this question because I have other fish to fry of more importance to me; that is to say, the gentlemen to our left. Let me turn to the interesting speech delivered on that occasion, the discussion of the Beauharnois report, by the hon. member for Winnipeg North Centre (Mr. Woodsworth) after the report was submitted by the Minister of Immigration. In the course of his remarks he was interrupted by the hon. member for Lincoln (Mr. Chaplin), who deserves my thanks because he brought out some interesting information. I quote from Hansard:

> Mr. Chaplin: Did you not do something last year to change the law?
>
> Mr. Woodsworth: Yes.
>
> Mr. Chaplin: Why did you do it?

This is what I want to call attention to:

Mr. Woodsworth: There was on the statute books a law which prevented corporations from contributing to campaign funds. We all know that this law was very largely a dead letter; it had never amounted to very much.

He is apparently an authority on it.

But that legislation had the effect of prohibiting labour unions from contributing to campaign funds. We had tried our best to introduce an amendment to exempt labour unions from this clause as they contributed openly. That amendment was turned down on one or two occasions, but last year on the third reading, when there was no opportunity to go into the matter in detail, I introduced an amendment removing that particular clause from the criminal code, and the house accepted the amendment. I will not discuss the question whether, in view of the present situation that was a good thing or not; but I do know that campaign funds came from corporations long before that amendment was adopted.

Mr. Chaplin: It was not in the criminal code but in the election act.

Mr. Woodsworth: I accept the correction; it was in the election act.

Mr. Hanson (York-Sunbury): You weakened the law.

Mr. Woodsworth: Possibly.

This is the new breed of reformers we have to-day, and they are actually trying to justify themselves for taking away the prohibition to corporations, giving campaign funds, opening up the door in order to make it lawful and proper to receive contributions. The hon. member (Mr. Woodsworth) admits on the previous page that he received a contribution himself from the central committee. The hon. member for Winnipeg North Centre said they got only $100 from the central labour committee. Well, it is very much like saying, "Don't do as I do but do as I tell you."

Let us see whether I have put a proper interpretation on the conduct of the hon. member for Winnipeg North Centre. His excuse was that he moved to have that prohibition discontinued and removed from the statutes because it was not carried out, because the law was broken. I wonder how many laws would be left on the statute books if all those that were broken were abolished. The law against stealing would certainly be soon rescinded; the law against murder would only have had time to dry on the books before it would have had to be removed, according to the principle laid down by the hon. member for Winnipeg North Centre. I say therefore that the excuse he gave was no justification for the removal of this particular law, because that principle carried to its logical conclusion would leave destitute the shelves that contain the statute books of the country, because the laws are all broken as far as I know.

Mr. WOODSWORTH: May I suggest that penalties are attached to most laws.

Mr. MOTHERWELL: All right, that will be taken care of; the electors will prescribe some of the penalties probably. For fear I am too severe in my interpretation of what my good friend from Winnipeg North Centre has done with respect to this matter, let me say I do not attach all the blame to him. He took the initiative in passing that legislation. But he was not satisfied with having been turned down twice by the government of that day, for in the face of an agreement not to bring the matter up a third time—according to a statement made by the then solicitor general, it was agreed not to bring it up in the house—the hon. member for Winnipeg North Centre did bring it up in committee of the whole and did prevail upon the house to accept his amendment to the Election Act. That is why to-day campaign funds may be made legally and properly; it is because of the initiative he took on that occasion in that direction. The parliament of Canada of course must all be held responsible. Had the hon. member not however taken the initiative, that law I believe would not have been changed as it was changed on that occasion. I hold the hon. member for Winnipeg North Centre more responsible than any other hon. member in this house for having made legal and proper campaign funds donated by corporations. How will I support this view? I would like in support of my contention on this subject, to direct the attention of the house to some remarks made by the Prime Minister in 1931 and on the following day when speaking on the same subject. I desire to take this opportunity of thanking the Prime Minister for his candor on that occasion. The Prime Minister is reported on page 4409 of Hansard of 1931 as follows:

The law as amended at the last session permitted corporations to make contributions, and that amendment was made at the instance of the gentleman from Winnipeg who has spoken to-day.

The only member from Winnipeg who spoke that day was the hon. member for Winnipeg North Centre. The Prime Minister continued:

That is the position. Contributions were made legal and proper, but in preceding elections that was not so.

The Prime Minister then went on to discuss another matter with which I will not deal. According to my interpretation of those remarks, the conduct of the hon. member for Winnipeg North Centre as I have just described it was supported in toto by the Prime

Minister. He held the hon. member for Winnipeg North Centre as being primarily responsible for making legal and proper contributions made by corporations. If they are legal and proper what then is all the rip and row about, especially from the far C.C.F. corner?

An hon. MEMBER: They are not coming in very fast.

Mr. MOTHERWELL: Earlier in the session I had occasion to make painful reference to the motion moved by the hon. member for Winnipeg North Centre asking for the setting up of the Cooperative Commonwealth Federation. At that time nobody seemed disposed to set them up. I was very sorry that the government thought it advisable to adjourn the debate upon that interesting motion. I am almost of the opinion that they were culpable and working in collusion with the C.C.F'ers. Had there been a vote at that time it looks as if our friends over there the modern reformers, would have been divided. Rather than have that calamity befall them so early in their career, the government moved the adjournment of the debate before a vote could be taken. I may be doing my hon. friends on the government side an injustice in saying that was their purpose, but it is up to them to give a better explanation of their actions at that time.

I have had occasion to quote certain statements made by Mr. Williams who is ripping around the country calling the Liberals and Tories such terrible names. I do not intend to deal with him at this time as I have done so formerly, but I will refer to a Mr. Coldwell. This gentleman is a labour follower of the hon. member for Winnipeg North Centre and is the head of the farmer-labour aggregation in Saskatchewan which have affiliated with the Cooperative Commonwealth Federation. He is the first lieutenant and right bower in Saskatchewan of the hon. member for Winnipeg North Centre and is promulgating these governmental nostrums which we hear from time to time. He spoke in Saskatoon at the birth of this organization. He did not say anything very nice about the Conservatives but my hon. friends will have to take it. In fact, he did not say anything very nice of us either. Here are his words:

> The Liberal party by that action—

That was the action of voting against Senator Meighen's motion against Senator McDougald and Senator Haydon. Hon. members will recall that famous speech about screaming; the Liberals had an opportunity of screaming with the screamer but they did not take it. Mr. Coldwell continues:

> —stood self-condemned and the farmer-labour groups must not accept any part of that stigma by uniting with the Liberal party.

How can they expect to be united with the Liberal party?

Mr. HANSON (York-Sunbury): I can remember when you were after them.

Mr. MOTHERWELL: Once bitten, five times shy. The quotation continues:

> But, said Mr. Coldwell, the Liberal party was not the only one that had accepted bribes. The Conservative party, also, was "born in sin and nurtured in corruption." In 1874 in the House of Commons, Sir John A. Macdonald, founder of the Conservative party, was accused of receiving money from the forerunner of the Canadian Pacific railway and resigned on that account.

He is not quite correct historically.

Mr. HACKETT: The sentiment is all right.

Mr. MOTHERWELL: This is the man who is going to bring us a new heaven and a new earth if we will just set him up. The report continues:

> There was nothing to choose between the two old parties. Farmers and Labourites must work for a new policy that would banish a system that had clogged the wheels of industry and which had proved itself to be a debt creating system.

He then goes on to the usual Russian stunt on collectivism and production. I am sorry to take up so much time of the house but for the last week or so I have been sitting here as tight as a knot on a log. If there is anyone to be blamed for my taking up time, it is our friends to my left. While they did not give me an invitation to join in, I have availed myself of the opportunity.

Hon. friends to my left have been posing as the saviours of the country and have been introducing a new social order which they promise will put us on easy street. If they could do that, we should give them an inning but they are the last ones on earth who can do it. I am not willing to experiment with a try.

I shall come back now more particularly to Beauharnois. I am not an authority upon power matters but I have looked upon this project as being one of the finest and soundest on the North American continent. I sat around the council table for days helping to place restrictions around this project when it first came to the Dominion government for approval. We surrounded it with so many safeguards in the interests of the public that

some of us feared that it could never operate. Our restrictions had to do with navigation and with the administration and carrying out of the provisions of the Navigable Waters' Protection Act. We had nothing to do with the licensing or ownership of the water power as that was Quebec's do. Had we taken any other stand than we did take, we would have been derelict in our duty in the premises.

Now let us see what were the results of our hon. friends to the left taking the initiative in respect to that Beauharnois inquiry. I concede to them the right to do that if they wanted to. I was connected with investigations in my younger days, and I took both the responsibility and some of the odium that always go with it, but the occasions were not anything like this. What has been the effect of hon. members to my left breaking in at that time, the most critical time in the history of the Beauharnois project, and having an investigation, when that action, justified or not, almost put the whole project on the rocks. It, of course, gave the hon. member for Winnipeg North Centre an opportunity to explain why he took the initiative to make campaign funds legal and proper.

Mr. WOODSWORTH: It was not made proper.

Mr. MOTHERWELL: Either say it a little louder please or keep quiet. The effect of that investigation was that this big project which otherwise might have been completed before the depression struck it was held up because of the great hullabaloo set up all over the country, the government of to-day taking a very pronounced part therein. That was when they did snuggle up to the C. C. F., and make no mistake about it, and it was done for the purpose of injuring and misrepresenting the Liberal party. The result was that in dollars and cents the project went more or less to pieces. It could not get funds to complete the work, and the government had to give guarantees for something like $16,000,000, if the work was to be proceeded with. I do not know how much more the government will have to guarantee. I think they are pretty well through, but $16,000,000 is a pretty snug sum to pay for the privilege of having these gentlemen in the "haw" corner of this house, and now these hon. gentlemen, after preaching all over the west that this was Canada's Beauharnois property, this was also our power, and this was our water too, call on the government to expropriate the property which they wrongly claimed belonged to Canada. The Acting Minister of Immigration will have to take some responsibility in that connection, for he too said that it was our property and our power. That was his whole argument. I have read his speech in Hansard, and I can put no other interpretation upon it. If my hon. friend himself can explain it any differently I will be the first one to acknowledge that I was wrong because I am rather disposed not to believe wrong of my hon. friend. He got some notoriety when he was chairman of the Beauharnois committee, and he certainly pulled it in great style his way. But he was wrong there. He founded his whole argument on a wrong assumption. That is neither here nor there, for as I said before I have other fish to fry, and I want to fry them properly this time. I say that we are out already to the tune of $16,000,000 as the result of that inquiry. How much are we in?

Mr. CHAPLIN: In the valley of humiliation.

Mr. MOTHERWELL: The Prime Minister has said that campaign funds are necessary in connection with our governmental institutions. I could quote some of his statements, but I have not the time just now. In addition to being out $16,000,000 already, it is going to be a difficult matter to raise funds to complete the enterprise, for so far we have only developed one-quarter of the power. I am sure the Acting Minister of Immigration will excuse me if I just go on a little bit further with the quotation which I gave a few moments ago because it is very interesting in the light of what has transpired since. It is well put and I want all the house to hearken unto it. At page 4355 of the Hansard which I have already quoted he says:

> In connection with this project I must confess that I am unable to divorce myself from the view that the contributions to campaign funds that were made from the company's funds—

Mr. Sweezey subsequently swore in the Senate committee that that was not the case:

> —which came from the sale of bonds to the people, were made for the purpose of influencing those who might be returned to power.

"Those who might be returned to power." Who were returned to power? Those hon. gentlemen opposite are the ones who were meant. Admittedly. I take the words of the minister himself, "those who might be returned to power." The quotation goes on:

> —and those who took them, those who collected them, receive in the committee's report the condemnation they deserve.

Before the power development can be properly completed, and three-quarters of the power development still remains to be done, it will be necessary to go to the Quebec government to get a further charter and licence; and to get the use of the whole water of the

St. Lawrence it will be necessary to come to this government for such protective precautions and provisions as were provided for before, or better if possible. Well, you know what is stated here, that the contributions were given because of the expectation of getting certain things from the government which happened to be elected.

Mr. GORDON: From now on they will have to go to the parliament of Canada.

Mr. MOTHERWELL: If hon. members then talked in innuendos and implications I cannot help it. Let anyone else put any other interpretation upon it if he wants to. I put my own interpretation upon it, and I will go further and say that if we had been returned to power, if Quebec had given the charter, they would have presumably sought to get the balance of the water. I do not know that they would have got it. I do not think, speaking for myself, that they would have, except on very good terms in connection with the locks that would be and had been necessary. But that did not happen anyway, and we do not need to speculate on that. My hon. friends opposite are sitting on the government benches, and the problem is up to them. The Prime Minister has said very little about it this afternoon, but he is going to say more on some more appropriate occasion. That is what he has been doing for the last two or three years; it is always, something is going to be done for Canada to put us on our feet.

That pretty nearly covers, Mr. Speaker, the hurried notes that I made while hon. gentlemen of the C.C.F. were speaking. I did not know any more than the Prime Minister did that this matter was coming up this afternoon. Referring to the request of the hon. member for Bow River (Mr. Garland) that the government should expropriate the Beauharnois property, I want to compliment the Secretary of State upon his reply last year to the hon. member for Winnipeg North Centre (Mr. Woodsworth) who invoked the government to seize—seize, mind you—this Beauharnois property, and then create an issue of the matter and let the case go to the privy council and be decided on its merits. The Secretary of State got up and bluntly stated in reply that he did not see any difference between that and any other kind of banditry. He took the ground that the government was not justified in committing an act of despoliation and burglary just to create a specific issue to go before the privy council. Besides, our own supreme court, so far as the case went before them, showed a decided inclination to the view that both the power and the water belonged to the province of Quebec. Do not make any mistake about that. Nobody has challenged that view in court and nobody is likely to. That was also the view held, and is so stated, by the present Prime Minister of Canada, that the water and power do belong to Quebec. After preaching wrongly for a year that this power did belong to the people of Canada, what is the use of hon. members to my left now coming along and saying that Canada should now expropriate something which we already have? That shows the hypocrisy of my hon. friends, the duplicity of them, the humbug of them—trying to fool and exploit the people. Their political war material is running short. They are parading around the country and are not receiving, apparently, the response they expected. They are boiling up again with some alleged new dope. They take a great deal of credit, and are the only ones, according to their views, who stand up in public and protect the inalienable rights of the people of Canada. They are running short of new ammunition and they want to warm Beauharnois over again. That is what they are trying to do, and I am going to raise my voice, supposing I never say another word in this parliament, against that kind of humbug and duplicity on the part of hon. members who pretend, without justification, to be better than anybody else. Instead of that they are, in my experience, a good many degrees worse.

However, I will make some exceptions to that statement. I have always taken the ground that there were two or three over in that corner to whom my remarks would not apply. Then hon. members in the corner have complained that guarantees were given by the government to save the project from ruin. What would have happened to it if they had not done so? I do not wish to be understood as taking the brief for the government —God forbid that anybody should do that. But what would have happened to the project? Hon. gentlemen in the corner of the house have raised such a row throughout Canada that you could not sell a Beauharnois bond if you gave it away. Either the project had to become a piece of wreckage or the government of the day had to step in.

I do not like to think that I am saying anything which pleases the Minister of National Revenue (Mr. Ryckman), but I have to be fair.

Mr. RYCKMAN: Do not let me stop you.

Mr. MOTHERWELL: I have to state the facts. Because of that I must point out that

in my view they could do nothing but what they did. And if a loss ultimately falls upon the Dominion of Canada here are the birds, over here in this left hand corner, who will be largely responsible.

Hon. ERNEST LAPOINTE (Quebec East): Mr. Speaker, like the hon. member for Melville (Mr. Motherwell), I have not received any invitation to express my views either on behalf of the government or on behalf of those who have engineered the debate. Like my hon. friend, also, I think it is rather interesting, in view of recent developments, to read the statements and allegations which on different occasions in the past were made by the right hon. leader of the government (Mr. Bennett) and some of his associates. However at this time I do not wish to refer to those statements. I do not wish, either, to express any view as to which interest should control the Beauharnois company in its present difficulties. I do not believe that this is the proper tribunal before which the matter should be discussed, until a decision is reached.

My purpose in rising however is to refer to one or two matters to which allusions were made by the hon. members for Bow River (Mr. Garland) and Winnipeg North Centre (Mr. Woodsworth) and, to a lesser degree, by the hon. member for Acadia (Mr. Gardiner). They referred to the advisability and advantages of public ownership of public utilities. In some respects I would agree with them. I have had the privilege of representing the Quebec city council before the legislature on two occasions with regard to the municipalization of electricity. And after the consideration of that matter and the studies connected therewith I do not hesitate to state that compared with the rates paid by people in Ontario the people of my province pay too high a rate for electric lighting and electricity for different uses.

Mr. CHAPLIN: The people in Montreal say they get it cheaper than we do in Ontario.

Mr. LAPOINTE: They are wrong about it.

Mr. CHAPLIN: Yes, they are very wrong.

Mr. LAPOINTE: I agree with the hon. member that they are wrong.

Mr. CHAPLIN: There is no doubt about that.

Mr. LAPOINTE: But I think that is a matter which should be discussed in the province of Quebec by the province of Quebec. And no matter how pleased I may be that some of my friends in the corner share my views in regard to certain matters, I really do not invite their collaboration on something which is really a provincial matter of the province of Quebec. I do not believe that by intruding themselves in the discussion of this matter they will help at all its solution.

Hon. members say that the development of the St. Lawrence river is national in its scope, and that as a result of that line of reasoning the power belongs to the people of Canada. I should like to refer to one mistake which was certainly made by the hon. member for Bow River, who in this was supported by the hon. member for Winnipeg North Centre. Let me tell those hon. gentlemen that at the time of confederation the legislative powers were divided, and set out in sections 91 and 92 of the British North America Act, the residue of powers being left with the Dominion of Canada. But not only were the legislative powers divided at that time, but assets and properties were divided. In that instance, instead of the residue being left to the dominion it remained in the hands of the provinces. Properties which were transferred to the Dominion government are all enumerated in the British North America Act. And when hon. members mention canals and waterpowers connected with them, they must bear in mind that the expression applies to canals then existing and to waterpowers then existing. Nobody can contradict that statement before the courts, and it is a principle accepted by all authorities. The same applies to harbour and lake improvements. In connection with a case only a few years ago in which the harbour commission of Montreal was involved, the privy council decided that the bed of the river, which was not then part of the harbour of Montreal, had not been transferred, was still provincial property, belonged to the grantee of the property, and had to be paid for by the harbour commissioners of Montreal in the event of their wanting to use it.

Mr. WOODSWORTH: Was not the contrary position taken by Mr. Cannon and others who represented the Dominion government?

Mr. LAPOINTE: Could my hon. friend expect otherwise? Mr. Cannon was presenting the case for the federal authorities and against the provincial authorities. He had to argue the best he could on the side of the federal government, but what creates the authority is not the argument of Mr. Cannon, nor that of Mr. Geoffrion, or Mr. Lafleur who were on the other side, but the decision given by the supreme court of Canada. I would be

willing to accept the view of my hon. friend that possibly this case should be sent to the privy council in order that a final adjudication should be made on it. Perhaps so. But surely my hon. friends have no right to consider this property as being owned by the Dominion of Canada, in view of the decision given by the supreme court in that instance.

Mr. WOODSWORTH: But surely the case is arguable.

Mr. LAPOINTE: My hon. friends make another mistake; that is to consider the St. Lawrence as in a different position from that of other navigable rivers. There is nothing either in the British North America Act or in any law of the land that makes a special case with regard to the St. Lawrence river. It is a navigable river. As I told my hon. friend in the course of his speech, if his argument is good in regard to the St. Lawrence it would be just as good in regard to the Niagara river, which is also a navigable water. But no one ever claimed that the dominion had any ownership of the water power in that case.

Mr. CHAPLIN: Exactly the same as on the Niagara.

Mr. LAPOINTE: Exactly as on the Niagara. The banks of the St. Lawrence river are the property of the province of Quebec. My hon. friends should take that into consideration when they discuss the matter of rates. One of them said that no care had been taken as to rates which should be charged there. The Beauharnois company or the Montreal Light, Heat and Power or whatever company is in control of that property is a provincial company, subject to the laws of the province of Quebec. Their rates have to be controlled by that province. There is a public utilities commission there. Perhaps I do not like some of the decisions of that commission, but if the tribunal is not what it should be it is for the Quebec legislature to change it or strengthen it; it is not a question to be settled by this parliament. In spite of the good intentions and good will and kindness of my hon. friends I appeal to them to let the people of the province of Quebec settle their own business.

Mr. GARLAND (Bow River): May I ask the hon. gentleman a question before he sits down? Is it not true that this government did expropriate the private property of the Beauharnois company in the case of the canal? If they had the power to do that in the case of the land and appurtenances of the canal, have they not the same authority in regard to power?

[Mr. Lapointe.]

Mr. LAPOINTE: They had the power in regard to the canal because it relates to navigation, there is no doubt that this government have control of navigation and have the right to take over any necessary property for that purpose. But that would not justify them taking over the property for the purpose of generating electricity.

Hon. W. D. EULER (North Waterloo): Since our friends from the west and others from the province of Quebec have taken part in this debate, perhaps it might be fair for one from the province of Ontario to say a few words, although I will say at the outset that I am speaking for myself alone and not for the province of Ontario. I speak because I have some sympathy with the thought that it is regrettable that a great natural resource such as this, capable of developing some 2,000,000 horse-power, should pass into the hands of private interests.

Some hon. MEMBERS: Hear, hear.

Mr. EULER: I had that thought at the time when I happened to be a member of the government which had to pass upon the question of giving permission for the diversion of 50,000 cubic feet of water from the St. Lawrence river. As far as I was concerned I had some hesitation—I am betraying no confidence in saying so—in giving the permission as long as there was any hope that that water power belonged to the Dominion of Canada. But not being a lawyer or an expert in these matters, and having before me, as other members of the government had, the definite opinion of those supposed to know, that the power belonged to the province of Quebec, it seemed to me that there was no other course to take than that which was taken.

Later on the Beauharnois company got into difficulties as we all know—

Mr. LAVERGNE: It belongs to Quebec because Quebec took it.

Mr. EULER: Before I leave that point I would like to make a reference to a suggestion of the hon. member for Bow River (Mr. Garland). He seems to think it is competent for the government of Canada merely by a declaration of this house to acquire water powers which otherwise belong to the province of Quebec. If it were possible without prejudicing the vested rights of the province of Quebec, I think I would be inclined to vote for such a declaration. But I do not believe it is possible for us to acquire the power in that way. I said before that I felt it was regrettable that this great natural resource should pass into the hands of private interests,

especially into the hands of so colossal a monopoly as now has its grip upon the water powers of the province of Quebec. I have no brief to speak for the province of Quebec, but I believe the time will come, if it has not already come, when the people of that province will regret that these powers were allowed to pass into the hands of these great private interests and monopolies. On their behalf as well as on behalf of the people of Canada generally I do not like to see the power of these interests still further increased by allowing them to get control of the Beauharnois. At the time the matter was under discussion in the house I had a few words to say. The Prime Minister then said—I have not his exact words, but they were to the effect that the power belonged to the province. I made the suggestion that the dominion might develop the power. He said that that was impossible except by agreement with the province of Quebec. I suggested that the federal government might, by purchase if you like, acquire the interests of the then shareholders of the Beauharnois corporation. In that case the government would not be infringing on provincial powers. They would merely as shareholders be in the position which the then shareholders of the Beauharnois company occupied. The Prime Minister did not take kindly to that suggestion. He said in so many words that the government had no intention of so doing. With that I am not finding any fault at the moment, but I say that the situation has changed very substantially since that time. The company fell into difficulties and in the opinion of the government it became necessary to assist the further development of the Beauharnois corporation by a guarantee of loans made by the banks of Canada to the extent of some $16,000,000. So to-day the Dominion of Canada has that substantial financial interest in the Beauharnois project.

I make now a suggestion, which I know will not be received with favour by some, and will perhaps be regarded as a far-reaching socialistic idea, but it is in line with my ideas in regard to public ownership. I make the suggestion because of the fact that we are now in a position that it seems difficult to get out of. We have two contesting interests, two contesting groups of financiers, trying to get control of the Beauharnois corporation, and in the fight that is going on between them the interests of the Canadian people, and the interests of the bondholders in this concern I imagine are not being very well served. If we have already $16,000,000 in this enterprise, and they need something like $13,000,000 more to complete the project—perhaps less than that—besides which the claims of the banks amounting to some $6,500,000 may have to be protected, why should not this government in the general public interest, and perhaps finally in the interests of the people of the province of Quebec, take over the whole project by acquiring all the common stock and owning the concern? I am not saying they should go into the business of distribution of power, but they could generate the power, and then we would have a project that at least would be self-sustaining; then we could absolutely ensure that the people of the province of Ontario, as well as the people of the province of Quebec, would not be paying through the nose as they will have to do if these natural resources remain under private control.

Now I am going to make perhaps the most socialistic suggestion of all. Not long ago some of us, I think my hon. friend from North Bruce (Mr. Malcolm) and myself, had a little discussion with the Prime Minister with regard to what some might call inflation. I am not an unconditional inflationist, but on a previous occasion I did say that I would not be afraid to experiment a bit with controlled inflation. We made the suggestion a few weeks ago that we might at least try out the issuance to a moderate degree of federal currency, without gold backing, for such purposes as the construction of public buildings and other works of a public nature. It just occurs to me now that the Beauharnois project might be an enterprise in connection with which we might very well conduct that experiment. Personally I should not be afraid, though of course I have not the responsibility that must be assumed by the members of the government, to duplicate if necessary the inflation that was practised by this government last fall to the extent of some $35,000,000, in order to complete this project. I think we might retain this natural resource in the hands of the Canadian people by the issuance of federal currency in that manner. Then you would have a concern owned by the people of Canada and bringing in a revenue which ultimately would take care of the whole cost of the undertaking, at the same time preserving for the Canadian people—and that is more particularly in my mind—this great natural resource, which should no tbe allowed to fall into the hands of private interests.

Mr. MORAND: Has the hon. member in mind the redemption of those notes over a period of time?

Mr. EULER: Certainly; I think that is one of the merits of the suggestion. Out of the revenues obtained from the development and sale of this power you could retire all those federal notes in a reasonable time.

Mr. HACKETT: With or without interest?

Mr. EULER: Without interest.

Mr. ARMAND R. LAVERGNE (Montmagny): I had not intended to speak on this question, Mr. Speaker, but I should like to put myself on record, coming from the province of Quebec, in favour of the suggestion just made by the hon. member for North Waterloo (Mr. Euler). I listened to the arguments presented by the ex-Minister of Justice (Mr. Lapointe), and while it may be a controversial question my opinion, for what it is worth—

Mr. LAPOINTE: We never agreed on this.

Mr. LAVERGNE: I think we have agreed quite often lately, but I think it is a very controversial question as to whether the Beauharnois water power belongs to the province of Quebec or to the Dominion of Canada, though I think there is no doubt with regard to the canal. The hon. member for Quebec East (Mr. Lapointe) has admitted that as yet the question is not settled. Very often a judgment of the Supreme Court of Canada meets with a sad fate at the hands of the privy council, and until we are masters of our own destiny and the day comes when the king has his own privy council in Canada it is possible that the judgments of the Supreme Court of Canada may continue to fare badly when they come before the imperial privy council.

Mr. LAPOINTE: My hon. friend from Bow River (Mr. Garland) does not believe in appeals to the privy council.

Mr. LAVERGNE: Neither do I believe in appeals to the privy council in England. Being a monarchist, as is very well known, I believe in the right of the subject to appeal to the king, but I believe appeals to the king should lie in appeals to the Canadian privy council.

Mr. POULIOT: When the Prime Minister is away.

Mr. LAVERGNE: I do not care to discuss personalities on this question, because I think the matter is far too important. In my opinion, however, taking the very letter of the British North America Act it is not so very certain that the Beauharnois water power belongs to the province of Quebec, and when I say that I do not think that, with my bad past, I shall be suspected of betraying the narrowest interests of the province of Quebec or the minority in this country. How does it happen that in this case the province of Quebec claims ownership of the water power? It happens simply because they put their hands on it and took it, and in no other way. One day the government of Quebec decided that they owned that water power, which until then had been acknowledged to belong to the dominion; the provincial government took it and sold it to a private company by an act of filibustering, which has been quite a common practice with the government of that province in the last thirty years. To-day the people of Quebec are in the grasp of the greatest octopus that ever spread its tentacles over that province; I refer to the electricity trust in Quebec, and we may say that this has happened with the complicity of the premier and the government of Quebec. There is no doubt about that; no one knows it better than my hon. friend from Quebec East, who, not more than a month ago, was fighting for the rights of the citizens of the city of Quebec with that very electricity trust which to-day is laying another of its tentacles on the parliament of Canada.

I think there is a higher point of view in regard to this question. The suggestion of the hon. member for North Waterloo is very interesting. It would give the people of Quebec a chance to have electricity not at the exorbitant rate they are paying now but at an acceptable or manageable rate. Look at the city of Montreal. When you cross over the street to the city of Westmount you find that the price of electricity is only one-fifth the price in the city of Montreal, though they occupy the same geographical territory. So I think if nothing else offers, and if we cannot prevent that company from falling into the hands of Sir Herbert Holt, to call him by name, the suggestion of the hon. member for North Waterloo should be accepted.

There is still another point of view, however. Speaking as a man with the reputation of being a narrow nationalist, I think the St. Lawrence is not an asset of Quebec; I believe it is an asset which belongs to the whole dominion, and I think the rights of the dominion with regard to navigation and other matters should be safeguarded not only for the people of Quebec but for the people of Canada as a whole. I am a Canadian from the province of Quebec. In the past I have never hesitated to go against my party or any other party, and I have never considered what my future party might be, when I have

felt it necessary to defend the rights I thought were sacred to the minority in this country. At the same time I want to see built up in Canada a national spirit and a national unity, and that will not be done by claiming what we might call the crumbs of rights which do not exist and at the same time letting go our most sacred, guaranteed constitutional rights. We can never build up Canadian unity in that way. I have always claimed, and still claim, that the English speaking people of this country are willing to treat us as partners, even if they have not gone so far as we have gone so that they may treat us as brothers. If we are partners we on our part must play the game if we expect them to do so. As a citizen of Quebec, as a Canadian of French descent and as a nationalist, Mr. Speaker, I believe that the St. Lawrence is a national asset in which the people from the far west are just as much interested as we are in the province of Quebec. I think the government has a great part to play in saving that national asset for the people of Canada, and at the same time it can do a great deal for the province of Quebec by saving that province from the octopus which is controlled by the financiers of St. James street, Montreal.

Mr. MOTHERWELL: May I ask the hon. member for North Waterloo (Mr. Euler) how the Dominion of Canada can acquire this property by purchase or otherwise without the consent of the Quebec government? If it can be done I am almost disposed to agree with my good friend to my left in the remarks he made.

Mr. LAVERGNE: It could be taken to the privy council.

Motion agreed to and the house went into committee, Mr. LaVergne in the chair.

SPECIAL WAR REVENUE ACT

The CHAIRMAN: There is before the committee the following amendment:

Provided that the tax hereby imposed under subclause (i) shall not apply to the materials enumerated in customs tariff items 139 and 140, when sold in packages containing not more than five pounds each.

Mr. RHODES: I wish to withdraw that amendment, or rather to amend it by substituting for the word "five" the word "ten."

Mr. YOUNG: Will the minister explain the reason for this?

Mr. RHODES: I find that the householder can purchase one ten pound tin at a lower rate per pound than two five pound tins, and it is for the purpose of making the commodity cheaper to the householder that I have increased the limit from five to ten.

Mr. MOTHERWELL: I have not so far said anything with regard to the sugar duties and I do not see how I can allow this to go by without protesting. After hearing some of the letters read yesterday on behalf of the women and children of the country, and listening to the protests that came from every quarter on this side of the house, yes, and the silent protest of the rear-guard supporting the government—because I know they entertain such protests—I am wondering whether the minister is not considering the advisability of abandoning this tax. Before I go any further I would ask him whether he has seriously considered this matter.

Mr. RHODES: We gave the proposal every consideration before bringing it down. The government is under no illusion either as to the burden the tax imposes or as to the absolute necessity for it. Had it not been for the dire need of securing much-needed revenue the proposal would not have been brought down. We simply must have the revenue, and it is because of that absolute necessity that we have brought it down. We did our considering before these proposals were introduced.

Mr. MOTHERWELL: I take it then that all precautions were taken and that every thought was given the matter from every angle before the tax was imposed. Well, that is all the worse for my hon. friends; their blood will have to be on their own heads, because they have brought in this tax deliberately, and after hearing the protests that have been made on all sides they are not prepared to yield one iota. They need not be surprised then if events should prove that this was really an act of self destruction on their part. If there was one bit of evidence lacking that this government intended to commit political suicide that evidence is furnished in this tax, because I cannot imagine anything more destructive to them throughout the constituencies than putting into the hands of their opponents a weapon like this to flay them with—and it will be used to the limit; make no mistake about that. The government, through the Minister of Finance, declare their intention of going ahead with this tax and they will have to take the full responsibility for it.

If I rightly understood the minister the other day, the first attempt to impose this tax resulted in a loss of some $2,000,000 out of an estimated revenue of $20,000,000. That is not a good start, and when the officers of the government, after due investigation, suggest a loss of $2,000,000 to the treasury, you may

be perfectly sure that it will not be less than that but rather a great deal more. You will find on further investigation that it is likely to be another million. But suppose we put it at $2,000,000; I predict now, notwithstanding that apparently we are approaching the time when we shall have better commodity prices and when people will be able to buy this very necessary foodstuff, sugar, that less sugar will be sold during the next twelve months than has been sold in the past year. Why? Because the commodity has been made artificially dearer. A great many people will not take half a teaspoonful in their cup, and a great many will do without it altogether. I predict a loss not of $2,000,000 but of many more millions in this estimated revenue of $20,000,000 because of the inability of tens of thousands of people to put even a little nibble of sugar in their tea. The hon. member for Red Deer read a communication and I too have received one. It is not under my hand at the moment but I can recite the substance of it. The writer is a lady and she says, "We have been in the habit of having two iced cakes per week, and now we will have only one." There is one instance where the revenue is cut in two, and there are, I believe, tens of thousands such.

Mr. McINTOSH: Following up the remarks of the hon. member for Melville, may I say that the government is creating a piece of fiscal machinery in this sugar tax which will help to grind it to pieces from coast to coast. "The mills of the gods grind slowly but they grind exceeding small," and the government will be exceeding small by the time they meet the opposition which a tax of this kind will arouse from one ocean to the other.

Mr. MORAND: Rather a sweet way of going out.

Mr. McINTOSH: Perhaps so, but bitter for the people taxed. Last night I was making an observation in connection with the sugar tax when the house rose. I said that the liquor tax had been reduced $2 per gallon and the Minister of Finance, in putting forward his point of view with regard to this reduction, said it was made from the standpoint of revenue. He said that a still lower reduction would give a greater return. May I impress upon the Minister of Finance that when the question of reduction is in his mind —I am referring to the reduction of $2 per gallon upon liquor—when he has fiscally dealt with liquor he ought to carry his reductions a little further and cancel this sugar tax. By taking that action I believe the minister would bring credit to his government and to his department. It is a most obnoxious tax and even though the government may be in need of revenue, I, for one, do not believe it is necessary to tax sugar.

Last night I was making an observation in connection with the argument used by the minister to support his two million leakage statement that certain daily newspapers had interpreted ministerial opinion to the extent of saying that a tax would be levied on sugar, tea and coffee, when the budget was brought down. The minister said that the newspapers had not been correct in their prediction with regard to tea and coffee although they had guessed successfully with regard to sugar. The minister referred to the predictions made by the Canadian press with regard to budget taxation and used these to support his argument that the government was not responsible for the leakage. That is one point of view taken by the government with regard to the daily newspapers of Canada. When we were discussing the radio estimates the other night we had an example of another point of view. At that time we were told that as far as the criticism of the daily press in connection with radio estimates was concerned, the press did not know what it was talking about. There we have two points of view, one to the right and one to the left. More than likely the government will be soon taking a third position, a compromise position in regard to the functions of the daily press.

However, I do not imagine it makes much difference to the press whether or not it satisfies the viewpoint of the government in regard to this sugar tax, or whether its constructive criticisms against the radio estimates have been upheld. May I add that it is my deliberate opinion that the daily press is complementary to good government in Canada. We need to have not only the best news service from the press, but we need also editorial opinions. An editorial opinion will help to complete and safeguard the work of self government in Canada. It will make it more efficient and help democracy as we have it in Canada to function more successfully from coast to coast. As far as the government supporting or not supporting the daily press in its opinions is concerned, it matters not. As we said the government will next be occupying a compromise position, a kind of half and half position, a milk and water position or, as has been whispered to me, a mugwump attitude. Whether or not this or any other position is taken, as a newspaper man I say that it does not make very much difference. The press

will go on doing its constructive and development work by giving a lead to public opinion thus building up a power throughout the country which will be conducive to good and sound government.

In making this protest against this tax I am supported by practically all the organized bodies of public opinion in my riding. I have received protests from the organized farmers, the organized farm women and other bodies in the Turtleford district, in the Jackfish district, in the North Battleford district in the far north, in Redberry, and other districts throughout my constituency. North Battleford constituency has a population of 53,000, and this tax will mean a tax burden of over $100,000 to that constituency. The city of North Battleford has a population of 6,000, and its sugar tax will represent a payment of $12,000. This is a very heavy tax, and, as I say, the organized men and women of my riding are opposed to it. The mothers in my riding are out and out opposed to this tax. I have had letters from many of them protesting against it. To illustrate, may I state I had a letter from Mrs. Woodward who lives just outside the city of North Battleford. She represents a number of the rural women and she and those associated with her unhesitatingly oppose this tax and asked me to do my part in parliament to have it withdrawn by the government. I therefore protest against the imposition of this sugar tax. The idea of these men and women is that the government could find other means of raising the $20,000,000 required. Luxuries could be taxed more easily than sugar which plays a part in every home in my riding as well as throughout the country.

Further, a depressed period is a very poor period in which to bring forward a tax of this kind. Every family is taxed to its utmost, every mother, father and child is suffering in the depression through which we are passing and they will have to suffer more from day to day because of this tax. As a member from western Canada I again protest against it and I do hope the government will see fit to change the tax.

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

After Recess

The house resumed at eight o'clock.

PRIVATE BILL

THIRD READING

Bill No. 41, to incorporate the Sarnia-Port Huron Vehicular Tunnel Company—Mr. Gray.

WAYS AND MEANS

SPECIAL WAR REVENUE ACT

The house in committee of ways and means, Mr. LaVergne in the chair.

Mr. GIROUARD: The Minister of Finance stated last night that his department had investigated the sales of sugar made by every refinery in Canada for the month prior to the delivery of the budget. Would he have any objection to stating to the committee the quantities of sugar that were involved, by which refineries the sugar was sold, and to whom?

Mr. RHODES: I am sorry that at the moment I have not the figures here, and whether or not it would be wise to give them to the committee I could not say. They disclose that the amount of purchases of sugar were not as great as popularly supposed. As a matter of fact the estimate which was given to me by the officials of the department was that something less than ten per cent of the yearly consumption was the result of the acceleration of sugar purchases for the month prior to the delivery of the budget. The estimated loss of revenue was something under $2,000,000, and the exact figure now is something less than one and three-quarter million dollars. I could obtain the information for my hon. friend if he so desires.

Mr. DONNELLY: There seems to be an impression that most of these purchases of sugar took place in British Columbia. Was it confined to one district or was it more or less universal throughout the dominion?

Mr. RHODES: I have not the figures before me but I may say that the purchases in the west, in British Columbia, were larger in proportion to those in other portions of the country, and the percentage diminished until it came to the east where the purchases showed the smallest percentage of all.

Mr. MacLEAN: Can the minister state the total amount of money that it is estimated these new taxes will bring in? I do not think any estimate has yet been given except as to the sugar tax.

The CHAIRMAN: We are considering the sugar tax.

Mr. MacLEAN: My objection to the sugar tax is that it is an exorbitant tax on the farmer and consumer. Possibly the people were prepared to pay a tax of a quarter or half a cent a pound on their sugar, but when it comes to taxing this one article two cents a pound it is a very heavy tax indeed. Personally I would have not so much objection to

these taxes if hon. gentlemen opposite were making what could be reasonably considered a good use of the revenue they collect. Last year and the year before they made an estimate of the amount of revenue to be derived from the new taxes that were imposed, and I think that for the last two years their estimate was that the new taxes would bring in something like $133,000,000. On account of the business of the country falling off the revenue fell short of their estimate. Nevertheless those new taxes were imposed with the idea that they would bring in that much increased revenue. When our friends opposite were on this side of the house they criticized the Liberal government of the day for their expenditures, but if you will look over the expenditures under the present government you will find that notwithstanding that they are not carrying on any public works throughout the country but are allowing wharves and breakwaters, lighthouses and other public works throughout the country to fall into decay, they are still spending more money yearly than the Liberal government spent when they were in power. If you will look over the estimates when the Liberal government were in power you will find that only in one year did they exceed $400,000,000. Their expenditures ran from $370,000,000 to $381,000,000, $351,000,000, $355,000,000, $358,000,000 $378,000,000, $388,000,000, $398,000,000. But what about 1931 and 1932, after this government came into power? In 1931 the expenditures under this government were $440,000,000 and in 1932 $454,000,000, or an increase of $42,000,000 in 1931 under this government over the $398,000,000 spent by the Liberal government, and an increase in 1932 of $56,000,000.

As I said, we would not object to these taxes so much if our friends opposite could show that this extra revenue was being put to a good use. It is true that the government is carrying on some relief work but that cannot account for the tremendous increase in the expenditures especially when public works throughout the country are being neglected to the extent they are.

I wish to protest, Mr. Chairman, as vigorously as I can against this exorbitant tax on sugar. I said at the beginning of my remarks that a tax of a quarter or half a cent, or even one cent a pound, might have been tolerated by the country, but here you are imposing a tax of two cents a pound on a commodity which is the chief article in the manufacture of the products of two or three industries of this country, the candy industry, the biscuit manufacturing industry and the bakeries. It is really singling out these industries for special taxation, as well as the householder, and it is absolutely unfair. I know that the Minister of Finance wants to get revenue, but I think that some other way could have been found, and when that revenue is going to entail the sacrifices that this sugar tax will impose upon the people of this country I hope that our friends opposite will be able to show us next year a better record of expenditure than they have been able to do in the past.

Mr. RHODES: Mr. Chairman, I must express my surprise at some of the remarks of my hon. friend from Prince. He says he would be content that increased taxation should be imposed if he were satisfied that the government were exercising economy, and he goes back to conditions of a few years ago. In the first place let me say to my hon. friend that so far as the estimates of the yield of taxation are concerned they are made under the most hazardous circumstances, so far as regards our being able to predict conditions twelve months ahead, conditions so hazardous as to be without precedent in the history of the world. There is not a single country in the world, not one, in which a chancellor of the exchequer or a minister of finance has been able to make with any degree of accuracy an estimate of the probable yield of a certain set of taxes over a period of twelve months, because of conditions which everybody realizes are abnormal. Our estimates of taxation last year were based upon the best assumption and best hypothesis we could set up at the moment. Nobody could foresee the tremendous shrinkage in business that took place not only in this country but throughout the world, not so much a shrinkage in the volume of business as a shrinkage in the value of commodities.

In his references to expenditures my hon. friend entirely overlooks several factors. In the first place we have to provide deficits and capital moneys for the Canadian National Railways which run into something like $70,000,000 a year. That is a condition which we have to face, not a theory; it is an actual set of facts. If the Canadian National Railways were able to carry on within themselves we would not have to impose one additional cent of taxation this year—not one. My hon. friend overlooks the fact that there are certain statutory increases, for example in the case of old age pensions, which so long as the present legislation remains as it is must be made without any reference whatsoever to the government. We have to meet this year increases of nearly a million dollars—I am using round figures and speaking without notes

—because of the increased subsidies due to the provinces arising out of the increased population shown by the last census. We have to meet the interest charges upon the increase in the debt due to the fact that we are not able to pay out of current account not only for unemployment relief but for deficits on the Canadian National Railways. And every time we add to the national debt we add to the interest charge, which is fixed and inescapable.

The hon. member has spoken of possible reduction of expenditure. Again I am compelled to resort to making a statement without having notes before me, but let me say to him that during the last three years this government has reduced controllable expenditures, if in that sum is included the $14,000,000 by which we expect to reduce expenditures this year, by no less a sum than $81,000,000. Furthermore we have been at great pains, so far as the civil service is concerned, without placing any undue strain upon it, to save every possible penny we could. As a result of an order in council passed two years ago we provided that there should be no increases, that statutory salary increases should be abolished, that all positions then vacant should be abolished, that no post would be filled unless cause were shown in the individual case, and that as the attrition took place, which is natural in a civil service numbering at that time about 60,000 people, the vacancies arising through natural causes should not be filled, with the net result that we have reduced the civil service in the past two years by upwards of 4,000 employees, with a consequent saving to the public treasury of some millions of dollars. It may be urged that by more drastic economy we might be able to effect further savings, so far as so-called controllable expenditures are concerned. Let me point out, however, that if we reduced every cent of controllable expenditure, closed up our civil service, dismissed 56,000 employees, paid no members of parliament, judges, or lighthouse keepers, dismissed the mounted police, dismissed the penitentiary staffs—in other words, if we closed up the business of the country, with the commitments which we have undertaken we would still have a deficit this year of $26,000,000. That is to say, if our revenues were equal to those which would be received upon the basis of the taxation imposed by the budget prior to this one, the deficit would be as I have mentioned.

The government would welcome any suggestions my hon. friend cares to offer as to how we might effect further savings. If I were to add together the accumulated demands which are made upon the treasury, not only from outside sources, but by those who are the first to criticize the government because it does not reduce expenditures—and in that I include hon. members of this House of Commons—we would have added each year many millions to national expenditures. The best evidence we can obtain as to what the yield from a given form of taxation may be is from those who have been in the public service for years and have served the country faithfully, men who have had a background of many years of experience; but even the best intentioned officer or the best intentioned Minister of Finance is not a seer. He cannot project his mind into the future and tell exactly what conditions will be. My hon. friend wants to know what these taxations will yield. Our estimate is that altogether they will yield $57,000,000, but that figure will be subject to change, because there have been some variations.

Mr. McINTOSH: That includes $20,000,000 from sugar?

Mr. RHODES: I have given the figure that was in our minds at the time the budget was brought down.

I shall now direct my remarks to the tax on sugar. I know it is not popular; no tax is popular. If there is one thing more than another which strikes me daily it is this, that the people of the country at large have a realization that the government must have additional revenue. Invariably, however, the attitude is this: "We realize you must have additional taxation, but you must get it from somebody else—not from us." The bulk of telegrams I receive, and many of the letters, begin this way—I could read them, almost, with my eyes closed: "We realize that the government must have increased revenue, but you must get it from somebody else." The sugar tax will not be popular; I realize that. It may not be popular even from a political point of view; in fact, we may as well admit frankly that it will not be. But it will have one wholesome effect: It will serve to bring home to the people of this country the fact that the only money the government has to expend is the people's money, and the only money which comes into the treasury is that provided by the people. There are only two sources of revenue for any treasury; one is from the taxes which the people themselves pay, and the other is from borrowings upon which the people themselves must provide the interest through increased taxation. I believe one wholesome and beneficent result

of the sugar tax will be to bring home to our people the realization that if they are going to insist upon the government embarking upon expenditures, they must be prepared to pay the bill.

Mr. LAPOINTE: Yes.

Mr. RHODES: The hon. member for Quebec East realizes it, yes—but the people of the country do not. That is the amazing thing. I have in my mind two resolutions which I received from a board of trade in one of our Canadian towns. The first endorsed the suggestion of the Canadian chamber of commerce to the effect that we should reduce expenditures. The next, if you please, asked us to add a list of commodities to the stabilization fund which would cost Canada several millions of dollars each year. That attitude is more or less common not only in the minds of individuals but throughout organizations. They seem to have the idea—at least some of them—that the government is a thing apart, that we have some sort of golden cornucopia that we can turn over, and from which dollars will spill out. They are now coming to the realization through the sugar tax that the money we spend is the money they provide. I believe in the last analysis this same tax will have a wholesome and beneficent effect upon our people, because it will bring home to them the fact that we spend only their money. As a result of this taxation, and having that fact brought home to them, I am sure they will minimize their requests not only from the federal government—and I speak not of the government of the day but of all governments—but from provincial and municipal bodies. We will not be asked to embark upon such great expenditures, and our people will cooperate to the point where we shall be able to live within our means. The sooner that condition is brought about the better for all concerned.

Mr. MacLEAN: Just a word in reply to my hon. friend; his remarks seemed to be directed to this corner of the house. He started off by telling us that the government's difficulties are due largely to the condition of the Canadian railways. No one should realize more than the Minister of Finance that the policy of the present government has been largely instrumental in bringing about that condition.

Some hon. MEMBERS: Oh, oh.

Some hon. MEMBERS: Rot.

[Mr. Rhodes.]

Mr. MacLEAN: Those who listened to Sir Arthur Salter's address to-day heard him say that one of the conditions that made for increasing revenue was the expansion of trade between different countries. The moment you put tariffs up to a prohibitive point you stop importations and lose revenue.

Mr. SPENCE: That is the old line.

Mr. MacLEAN: I know our friends do not like that; they did not like to hear it in the parliamentary restaurant to-day and they do not like it now, because it is such a vital truth and they realize it. But that is one of the factors that brought about the situation that made it necessary to increase taxation. The hon. minister says that the estimate is that this year's new taxes will bring in $57,000,000 of new money. Add that to the $133,000,000 estimated for the two preceding years, and you have a total of $190,000,000 of new taxation that the people of this country have been forced to pay under the present administration.

My hon. friend says: Show me where we can reduce expenditures. I say to the minister, let him show us where the extra $56,000,000 of expenditure went last year.

The CHAIRMAN: Order. I think we are on resolution No. 9.

Mr. MacLEAN: Yes, we are dealing with the sugar question. It involves the whole question of the revenue of this country. Taxation is what we are dealing with.

The CHAIRMAN: No, a special article of taxation; otherwise we could discuss the whole budget.

Mr. CASGRAIN: So we can.

Mr. MacLEAN: My hon. friend referred to old age pensions. He is an astute politician; he knows very well that the previous government had to carry those same burdens. They had the old age pensions; they had the railway situation; they had subsidies for the different provinces; they had the civil service situation to deal with. Let me say to my hon. friend that they are creating a situation in the civil service of Canada that is going to be very difficult for themselves or any other government to adjust. The matter of the yearly increases is going to be left in a dreadful position for some government to deal with when the time arrives. It will not be long before the civil service will demand some settlement of that question; either that they are not to get the increases, or that the increases are to be paid.

My hon. friend says that vacancies are not being filled. I will tell you what they are doing; I had personal contact with the matter in my own county. The commission told me that a position had been abolished, but the department proceeded to appoint a man temporarily to the position, without reference to the commission.

The CHAIRMAN: I must call the hon. member to order. He is not discussing the resolution before the committee.

Mr. CASGRAIN: That seems to hurt hon. gentlemen opposite.

Mr. MacLEAN: Well, Mr. Chairman, all I can say is that I feel that this sugar tax is striking at particular industries which are singled out for attack. In 1930 it was a case of "I will;" now my hon. friend says he hopes and hopes and hopes. We can call this a "we hope" government. They have been hoping and hoping that this and that is going to happen to pull them out of their difficulties for the last number of years. I hope their faith will continue, but they will go down in history as the "we hope" government.

Mr. ELLIOTT: Just a word in answer to the statement of my hon. friend the minister that this tax would impress upon the people of this country the fact that the burden of taxation rested upon them. I think on mature consideration he will realize that that statement was unnecessary. Coming from a section of the country in which the people have been accustomed to bear their fair share of the burden of taxation, I want to say that it was not necessary to impose any further taxes to impress upon them that they are bearing a great burden of taxation at the present time. In the last couple of years particularly it has become so great that many of the best people in various walks of life, people who were comparatively independent a few years ago, are now considering very seriously the question whether or not they will be able to continue.

Mr. SHORT: That was caused not by taxation but by speculation.

Mr. CASGRAIN: Your government speculated on the good faith of the people.

Mr. ELLIOTT: My hon. friend chooses to speak of something with which he is perhaps more familiar than are some other hon. members of this house. Speculation is something about which I know very little, and I would not attempt to set my opinion against that of my hon. friend in that respect. But in regard to the burden of taxation resting upon the people of this country I regret to say I know altogether too much. In the last three years I have had more people than ever before come to discuss with me the question how they are going to get money to pay their taxes, to pay perhaps a small judgment that has been obtained against them, people who never knew before what it was to be sued. To-day a large percentage of the people of this country are considering very seriously whether or not they shall go into bankruptcy, a much larger percentage than was ever before so situated. It is obvious, therefore, that the people need no additional taxation to impress upon them the fact that it is they who pay the taxes.

This tax on sugar should not have been made as heavy as it is. Two cents a pound on a commodity that has to be used in substantial quantities in every home in the country is an enormous burden upon the people, many of whom are now suffering under burdens greater than they can bear. Many of the best farmers in this country will have to go out of business within the next year because of their inability to pay the taxes that have been imposed upon them.

Mr. BOWMAN: Not by this government.

Mr. ELLIOTT: I think, in common with my hon. friend the member for Melville (Mr. Motherwell), that the government should still consider whether it is fair to the common people to impose this heavy tax upon them. The minister should seriously consider reducing it by half. I do not think the minister realizes how great a burden it is. I thought he realized it until he said what he did a short time ago about its being necessary to school the people to the fact that they are having to bear heavy taxation. I would say to the minister that during the past two years the people have been sufficiently schooled and tried in the fire of affliction to need no further demonstration of that fact.

Mr. RHODES: Just a word in reply to my hon. friend from West Middlesex (Mr. Elliott). He comes from a very beautiful district, populated by people who in normal times are prosperous. It is a highly developed portion of the country, and what he says with respect to his knowledge of the people in his district I accept without reserve. When I made the statement that this tax would bring home to the people at large the fact that they were the taxpayers I did not for a moment wish my hon. friend to assume that this was the only reason for the imposition of the tax. Not at all; I merely referred to that in pass-

ing as an incidental benefit which ultimately might become a very great benefit not only to the people themselves but to the governments of Canada, provincial and municipal as well as federal. Let me say to my hon. friend that while I know he can speak for those whom he represents there are thousands and tens of thousands of people in Canada who have never properly come to the realization of the fact that government money is their money. Even to this day my correspondence discloses that fact, and it only supports what has been my experience in public affairs for the last twenty-five years. But when I made that statement I do not want the thought to prevail upon the committee that this was the reason for the imposition of the tax.

My hon. friend has suggested that the tax should be reduced. If we reduce this tax we must make up an additional sum by some other form of taxation, so ultimately it comes back to the people themselves. If we realize the full yield of all the taxes we are imposing we will barely meet our expenditures upon current account alone. We cannot possibly do less and preserve our national credit. I realize just as well as my hon. friend does how hard conditions are to-day and how dire is the necessity with respect not only to families but also individuals, and I repeat what I have said on other occasions, that it is to be regretted that during a period in our history when people can least afford to pay taxes, because of the very conditions existing at the moment they are called upon to bear a heavier burden. That is a tragedy, but any government so weak as not to face the situation and maintain the national credit would bring about a condition which ultimately would result in a cost to the people themselves far greater than is involved even in this sugar tax.

Mr. ELLIOTT: I do not want to take up the time of the committee unnecessarily, but in answer to my hon. friend might I suggest that the class of people to whom he refers, who do not yet realize that all taxation bears upon the people themselves, are those to whom he should look for the additional revenue which he now requires. I have no doubt that in this country there are many people to whom that fact has not come home as intimately as it has come home to the great masses of the people upon whom this tax will bear. So I say to the minister that if this is the fact—and the minister knows it better perhaps than anyone else in this house—then I suggest that he should cut off half this tax on sugar and make up that amount by a further tax upon the people who have not yet realized that there is heavy taxation in this country. I believe there is a class of people who could stand the burden better, while the people upon whom this tax will bear cannot stand further taxation than they have been carrying during the last few years.

I hope the committee will not think for a moment that I do not realize the difficulties confronting the Minister of Finance; I do believe that we must endeavour to balance the budget as nearly as possible. I agree with the hon. member for Prince that every expenditure that can be avoided should be avoided at the present time, but I urge this suggestion upon the minister, particularly in view of what he has said because I believe he knows and has studied conditions very seriously. I believe there are many people in this country, the people to whom he has referred, upon whom the burden of taxation has not rested as heavily as this taxation will rest upon the great mass of the people, and I suggest that the minister see if he cannot impose additional taxation upon those people and so relieve those upon whom this tax on sugar will bear most heavily.

Mr. EULER: I think anyone who wishes to be reasonable must appreciate the plight in which the Minister of Finance finds himself in trying to raise revenue. I have a good deal of sympathy with what he says in regard to the demands made by boards of trade and others that he balance his budget by eliminating further expenditures. I quite agree with the minister when he says that even if he should cut out all the so-called controllable expenditures he would still have a deficit of from $25,000,000 to $30,000,000; I think that is quite true. I believe it is also true that some further savings could be made in what are known as our controllable expenditures, but those savings would not be sufficient to balance the budget. I have no doubt that even the present budget will result in a deficit next year of perhaps from $90,000,000 to $100,000,000. The lesson I think we might learn from that—and I think the government, parliament and the country will have to learn it—is that some or at least one of the large items which we now regard as uncontrollable must be made controllable. I am now referring to the national debt, and the interest we must pay upon it. Perhaps I am uttering a heresy when I make that statement, but I believe that by some means or other, legislative or otherwise, we will have to come to the point where interest, not only upon the national debt but upon municipal and provincial and perhaps other debts will have to be reduced.

Now I come to the question of sugar. I think by this time the minister is convinced that this is not a popular tax; it strikes at everyone in the country.

Mr. RHODES: Can my hon. friend name a popular tax?

Mr. EULER: No, and I shall not attempt to do so, but I think I can suggest how this may be made a little less unpopular. The Minister of Finance gave as practically the only reason for imposing this heavy tax on sugar the fact that he needs money, and that is a very good reason. But I do not think the hon. gentleman was quite fair to himself or to the people when he rather made the suggestion that it was also a good thing in that it would impress upon people the fact that taxes must be paid. I particularly disliked the veiled reference—I think that is what it was—to the effect that this tax on sugar must be imposed because of the deficits on the national railways and the disadvantages of public ownership. If I am wrong in my understanding I am ready to accept the minister's denial, but it did seem to me that this suggestion ran through his remarks in that connection. While it is necessary for the minister to impose heavy taxes I think the principle must appeal to him and to everyone else that while they must be heavy they should be made as equitable and fair as possible, and that they should not rest too heavily upon any particular class in the community. This tax of two cents on sugar amounts to practically fifty per cent of the value of the article, a very heavy tax indeed; it strikes at everybody, and this is an article of food. I think it is very regrettable, though perhaps in some degree necessary, that we should have taxation on food. Perhaps the minister is right when he says that if we suggest that this tax should be cut out we should make some suggestion as to how that money should be made up, and the minister intimated that it would be necessary to impose some other tax. There is still another possibility, and perhaps when I make this suggestion I may incur the displeasure of some of my hon. friends on this side of the house. I would suggest to the minister that it would be fairer to cut this sugar tax in half and wipe out what is known as the stabilization fund, which I consider absolutely wrong in principle and discriminating in favour of only a few commodities and a few people. I think if we took off one cent of the tax on sugar, leaving it at one cent a pound, and did away with the stabilization fund it would be more popular and more just and equitable to the people of this country.

That is my criticism of the sugar tax, Mr. Chairman. Now I should like to say a word or two on behalf of some industries to which the hon. member for Prince referred. Let us take for instance confectioners, those who make candies and so on. These may be regarded as luxuries, and perhaps those who manufacture them will not therefore receive much sympathy with regard to the tax on sugar. But this represents a very heavy item of expense to them; I think they have made certain representations to the government and perhaps to the minister with regard to this tax. I have some sympathy with them. They have a pretty difficult situation to deal with just now because they are practically all in the red. But what concerns me particularly now is this. The minister originally placed a tax of two cents a pound on sugar and by his amendment he has put the tax on another raw material in the form of glucose. I wonder whether he is trying to punish people for having the temerity to come and plead for a reduction in the sugar tax. Is he going to punish them by placing a tax on glucose, adding another burden to an industry which is already overburdened?

Mr. RHODES: Whatever my weaknesses may be, and I am the first to admit that I have many, vindictiveness is not one of them

Mr. EULER: I don't believe it is either; I do not seriously attribute vindictiveness to him.

Mr. RHODES: Taking the confectionery business by and large, two cents a pound on sugar will have a comparatively trifling effect on the cost of confectionery. The difficulty in which that industry finds itself to-day is the difficulty that faces many other industries. It is not a question of the amount of tax imposed on sugar or on some other commodity which the industry uses, but the fact that the purchasing power of the people has been very much reduced, and naturally the first commodity to be affected is what may be termed a luxury. It is true that confectionery is in a sense a food; nevertheless it is classed, and I think properly so, amongst the luxuries. We all know that in more prosperous times, when people have plenty of money, industries such as the manufacture of confectionery flourish. While it may be true that the confectionery industry is, as my hon. friend observes, operating in the red to-day, I can point to industry after industry not only in this but in other countries—essential, basic industries, not including agriculture but purely manufacturing industries—which are also operating in the red. But they, along with

everyone else, as a result of taxation imposed in various forms, will be called upon to bear an additional burden. One would imagine that this tax was going to be paid by the individual householder. One of the advantages of the sugar tax, however, is this, that its cost of collection is nil. It is paid by six refineries in Canada, and the amount of sugar which goes into household consumption is only a fraction of the total quantity of the commodity used. The bulk of the sugar used goes into industry and will be absorbed in the cost of commodities manufactured from sugar. It is true that in households where there are large numbers of mouths to be fed, the tax will be an appreciable one; but I submit that as conditions improve it will be found to be a tax which can be borne more easily by the mass of the people than any similar tax I know of. This type of tax is perhaps new in Canada, but not in other countries, where there have been comparable taxes for years. In the mother country for example they tax essentials highly. Tea, throughout the years, has paid enormous taxation, and it may be considered almost as essential a commodity as sugar. The tax is purely a revenue tax, and I know of no other tax that can be borne more equitably by the people as a whole than this one.

With regard to the remarks of my hon. friend opposite who referred to what I had said about bringing home to the people the fact that they are taxpayers, I am afraid he had in mind something entirely different from what I intended. I did not refer to that mythical individual who is supposed to be the rich man; I am prepared to discuss the question of taxation as applicable to him so far as income tax is concerned. That, however, was not the class of people to whom I referred, but the great bulk of the people who heretofore have paid no taxes at all so far as thy knew. Their taxes have been in the great majority of cases indirect, and this is the first time that direct taxation at the instance of the federal government has been brought home to the individual. The individual I had in mind was not the really wealthy man or the man of reputed wealth, but the common, everyday citizen of the country.

Miss MACPHAIL: I felt like speaking on the budget if for no other reason than to protest against this tax on sugar, and as I did not say anything then I will discuss the matter now. Sugar, it seems to me, is one of the last things that should be taxed, and particularly so steeply. Two dollars on a hundredweight is a very high tax to poor people. It is not much to people in good circumstances, I admit, and I am not concerned about them; but it undoubtedly is a severe tax to people who are struggling to make ends meet. I am thinking now of the country woman—the woman who goes out with her children, assisted on rainy days by her husband, and with great labour gathers berries and fruit, either wild or growing in her own garden, and preserves them to carry the family through the winter. I fancy the Minister of Finance has little idea how hard this tax will hit such people.

From the point of view of general business, the tax will also be quite injurious in my opinion. I belive I am safe in saying that infifty per cent of the homes in Canada, and possibly a larger number than that, the two dollars that will go to pay this tax would have been spent on some article very much needed for the family. People of moderate means have only a certain amount of money to spend, and the money that will be withdrawn from other purchases in order to pay this tax will mean that the retailer will sell less, the manufacturer will not manufacture, and the labourer will not work to the extent represented by that two dollars. Multiply the two by the fifty or sixty per cent of the homes in Canada that will be affected, and I think it is fair to say that this tax will definitely aggravate the depression and result in increased unemployment.

Most of the sugar used in the country, the Minister of Finance said, is used in industry. Let me point out to him, however, that even if it is used in industry it means an added cost to the consumer; it increases the cost of every article in which sugar is used and the general public will pay the difference. There is little doubt about that. It therefore makes little difference whether the bulk of the sugar is used in the homes of the country or in industry; the result will be the same to the consumer: he will pay the tax.

There are two or three ways in which the amount which it is expected that this tax will bring into the treasury might be secured. One method would be to continue the increase in the income tax, carrying the increase on into the higher income. I see no reason why people with very large incomes should be let off easily; I do not see why they should be treated better than those who have moderate incomes. Again, the agricultural stabilization fund will cost the government a good deal of money, although in my opinion it is one of the most needless things suggested. I say this because, had the government inflated Canadian currency sufficiently to bring the Canadian dollar on a parity with the pound sterling, the agricultural stabilization fund

would not have been found necessary and we could have thus avoided the tax on sugar.

In my opinion the whole business of taxing consumption more and more must cease, because the problem to-day is to increase consumption. The more goods that are consumed the better from every point of view. Obviously therefore this tax is in every sense unwise. It taxes one of the most essential articles in every household. It is a tax that will bear heavily on the mothers of this nation, who are trying to give their children nourishing food. I think it is more to be condemned than any tax which has been brought down, and I oppose it entirely.

Mr. DONNELLY: The Minister of Finance, in referring to this tax, said that it would have a salutary effect upon the people of the country in teaching them that the money which the government spends is their money and must be collected from them. He said that the people throughout the country had the idea that the government had an unknown source of revenue. If the people do think that, the government have no one to blame but themselves. Before the last elections the present Prime Minister went from coast to coast and told the people that if unemployment existed it was due to the Liberal government; that if they were getting small prices for their wheat, their butter, their bacon and a hundred and one other things, it was the fault of the Liberal government. He asked the people to put him in power and then there would be no more hard times. The people cannot be blamed if they think that this government have all sorts of money, and they cannot understand why it is necessary to tax them.

Let me say to the government that the people of this country know full well what it is to be taxed. The price of gasoline throughout the world is in the same position to-day as the price of sugar, the price of wheat and the price of other commodities—it is cheaper than it ever has been. In spite of this, the government has made the people of Canada pay from five to six cents per gallon more than they should have to pay. In 1931 the Standard Oil Company of New Jersey, along with all other gasoline companies, had a loss on their operations while the Imperial Oil Company, which handled about 300,000,000 gallons, made a profit of $18,000,000. The other oil companies in Canada must have handled about 300,000,000 more gallons of gasoline and must have made another $18,000,000. Thirty-six million dollars were taken out of the pockets of the people of Canada. Why does not the government take off the duty on gasoline and put on a sales tax of about three or four cents per gallon? They could make $20,000,000 and the people would not have to pay as much for their gasoline. The government will be making the money instead of the oil companies which send it down to the shareholders in the United States. The Imperial Oil Company sent $12,800,000 to the Standard Oil Company of New Jersey. That is not red-blooded Canadianism. The Canadian people were taxed in order that the American shareholders in Imperial Oil might be paid. Why not tax gasoline and collect the money instead of having it go to the shareholders of the Imperial Oil Company and other oil companies throughout the country?

Mr. RALSTON: Mr. Chairman, I should like to refer to the point raised by the hon. member for Prince and referred to by the Minister of Finance. Apparently for the moment the minister lost his usual suavity; he seemed to be nettled by what had been said, particularly with regard to expenditures. The minister repeated the argument which he made in his reply a short time ago to the Canadian chambers of commerce when he indicated that the government had practised all possible economy. I shall not go into this to-night except to remind the minister and the committee that a very important and well recognized organ, a supporter of this government, took distinct issue with the minister on the very figures he mentioned to-night and on the argument he made. The Montreal Gazette of April 26 has an editorial headed, Finance Minister's Reply. After discussing what the minister had said, the editorial continued:

> With all due respect to the minister, this conclusion is not justified by the facts which he presents. The substance of the case as presented in this circular letter had already been published in one or two newspapers. The Gazette discussed them at the time. It was stated then, and is no less true now, that no critic of the government desires to withhold credit for economies actually effected. The government has gone a considerable distance in this direction and the taxpayer has not been indifferent to the results achieved. Unfortunately, however, all this is very much beside the point. The representations made by the Canadian chamber of commerce, by boards of trade, and others, have to do, not with what the government has accomplished, but with what it has left undone. The fact that notwithstanding the reductions in expenditures already made the government has presented a bill to the people for another $70,000,000 has had the very natural effect of directing attention to the possibilities of further retrenchment and the opportunities in this respect have been indicated specifically.

The editorial concludes:

It is apparent that the additional sum which the public are being required to supply could be reduced very substantially, and so long as this condition exists there is bound to be a great deal of public dissatisfaction and resentment, particularly when the taxpayer comes to realize that he is bearing a considerable part of this new taxation in order that the government may enjoy a peaceful administrative environment.

I think that is answer enough to the Minister of Finance on the matter of economy. A very important supporter of this government considers that the government has not gone as far as it might have gone in the matter of economy. My hon. friend referred to controllable and uncontrollable expenditures. I find that in 1930 the expenditures outside of railways were $357,000,000 while in 1934, with export trade down by half, the expenditures were $355,000,000. The expenditures are but $2,000,000 less when the only additional items are interest and relief.

Mr. RHODES: Canadian National.

Mr. RALSTON: The Canadian National was included—

Mr. RHODES: Subsidies and pensions.

Mr. RALSTON: —in 1930 as well as 1934. It seems to me that the minister can hardly say that he has practised all the economy he should have practised in these hard times. He now proposes to impose this tax. My hon. friend referred to controllable expenditure but I direct his attention to the fact that between 1930 and 1934 interest charges increased by $20,000,000 because of the deficits incurred by this government. Last year this government showed a deficit of $102,000,000 on accounts outside of Canadian National. During the past three years there has been a total deficit of over $400,000,000 and yet this government has had the temerity to write to the province of Manitoba to tell them that they had better balance their budget, or come within $1,000,000 of doing so, or they would get no assistance. With all due respect to the government, that seems to be to be like satan rebuking sin. I submit that there is yet much to be done in the way of economies.

My hon. friend may speak of economies, but I contend that there is nothing in the estimates which have been placed before us to indicate that the government are properly seized of the seriousness of the situation and of the necessity for retrenchment. The government apparently finds it much easier to impose a two cent tax on sugar, a tax upon people who are not here to speak for themselves and who have not asked this government for anything. The people in the most humble and ordinary circumstances are having it brought home to them with a vengeance. It is on behalf of these people that hon. members are speaking to-night. They are not necessarily speaking on behalf of the well to do, who are getting some benefit from government and are able to bear the burden of taxation; they are speaking on behalf of the people who have not asked this government for anything but who are now being asked to contribute by means of this particular tax an average of something like $2 per head. I say to my hon. friend that he would be well advised to canvass the situation and to endeavour to see if it is not possible to produce further economies. If a tax of this kind is to be imposed on the poor people of this country I submit that the suggestion made by my hon. friend from West Middlesex is worth while considering, namely, that the tax should be cut in half.

While I am on my feet let me say that this is not the only tax that strikes at the masses of the people, because when we come to the sales tax the food of the people, which is now exempt from the sales tax, has to bear a six per cent tax which the masses of the people have never paid before.

One thing further. My hon. friend says that some people have never paid taxes before, but everybody has at least paid the one cent tax on postage. Everybody who posts a letter has done that, and it does not require any two cent tax on sugar to convince the people of this country that times are hard and that they are having to pay the piper.

Mr. RHODES: If only for old times sake I must say a word in reply to my hon. friend from Shelburne-Yarmouth. If one thing more than another characterizes him it is his ability as a special pleader. He can spin a longer thread out of less material than any man I know of. If I were to pick a flaw in what he has just said, I would say that he must find himself sadly in need of material when he has to found his argument upon an editorial contained in the Montreal Gazette. I have heard of scrapbook oratory and scrapbook orators, but never did I think my hon. friend would resort to basing his argument upon an editorial in the Montreal Gazette. When he refers to the Montreal Gazette as a supporter of this government I can only say to him; God deliver us from our friends. I am willing to have the accuracy and the value of that editorial judged by an analysis of the statements of facts which it contains, one of which was quoted by my hon. friend. Quoting the editorial he says that the government has pre-

sented the people with a bill of $70,000,000, and my hon. friend says yes to that. He is wrong to the extent of $14,000,000. We are taxing the people only $57,000,000. The other $14,000,000 deficit was to be made up by a further reduction in the estimates already voted by this house.

Mr. RALSTON: My hon. friend said that it was only an estimate.

Mr. RHODES: My hon. friend is back now at his special pleading.

Mr. RALSTON: No.

Mr. RHODES: Oh yes, he is.

Mr. RALSTON: Be fair.

Mr. RHODES: The $14,000,000 is the amount we reduced the expenditures by as contained in the votes in the estimates. The tax bills are $57,000,000. So my hon. friend in quoting the editorial was wrong only by a matter of some $14,000,000.

Mr. SPOTTON: That is not much!

Mr. RALSTON: Did I not understand my hon. friend to say that the $57,000,000 was purely an estimate and that he was not able to say just what the taxes would produce?

Mr. RHODES: My hon. friend is quibbling again.

Mr. RALSTON: Did my hon. friend say that?

Mr. RHODES: I listened to my hon. friend without a single interruption and he will have an opportunity to reply to me if he so desires. I hope he will at least do me the courtesy to hear me for a few minutes. I was dealing with his citation of a bill for $70,000,000, and I said that $57,000,000 was the bill and $14,000,000 was the savings, and both were estimates, of course. They could not be anything else because there are twelve months in the fiscal year and we are only in the second month of the fiscal year, and so my hon. friend must be patient for ten months more.

My hon. friend ought to know me well enough to know that I did not show any petulance in replying to my hon. friend from Prince. If I speak sometimes with earnestness, possibly with vehemence, I hope that he will not for one moment think I was imparting any degree of acrimony to the discussion. That is furthest from my thoughts. I say that one of the features that caused me to speak with more earnestness than usual was this fact, that it does not help the taxpayer of this country who is called upon to pay taxes, sometimes under extreme difficulty, to be told that he is called upon to pay taxes because the government has been extravagant. When my hon. friend speaks of satan rebuking sin, let me say to him that that citation comes home to him and his associates with singular appropriateness when I point out to him that the major expenditures which have been made by this government have been on account of obligations inherited from the government of which he was a member. At a later stage, if not at this session, at an early stage of the next, I shall give figures to the people of this country indicating that we inherited obligations incurred by our predecessors to no less a sum than upwards of $200,000,000, and we are now called upon as a government to meet these obligations lightly incurred by hon. gentlemen opposite. It is only a day or so ago that we had to meet an obligation in connection with the guarantee of the Montreal harbour bridge, which cost approximately $200,000, and in the last year and a half between one and two million dollars on that account alone this government has been obligated to expend. I could cite case after case, and when we do meet a bill on account of an obligation incurred by hon. gentlemen opposite themselves, they blame the extravagance of this government. I have used an illustration before but never in this house, but I cannot resist the temptation to do so now. When hon. gentlemen find fault with this administration for their expenditures they remind me of the young man who murdered his father and mother and who pleaded for the clemency of the court on the ground that he was an orphan. As a government we meet the obligations incurred by our predecessors, and then when we pay the bills we are accused of being spendthrifts. This is hardly the time or place to enter into a prolonged discussion of that character, but my hon. friend from Shelburne-Yarmouth certainly gave me cause to depart a little from the estimate before us, and I must apologize to you, Mr. Chairman, but I do think that the committee will admit that I had at least some provocation.

Mr. RALSTON: I just want to give the committee and my hon. friend this one citation. He speaks of the $70,000,000. I know he does not intend to mislead the committee, notwithstanding that he is both vehement and a little petulant, if he will permit me to say so.

Mr. RHODES: Not a bit.

Mr. RALSTON: Well, not quite so suave as usual. My hon. friend says that the $70,000,000 was $14,000,000 out. I read from my hon. friend's budget speech to find out how much money he was going to raise by

taxation, how much the bill was which he was presenting to the people of Canada. This is what he says in his budget speech, at page 3223 of Hansard:

After making allowance for this estimated reduction of $14,000,000—

That is what he spoke of a moment ago:

—ordinary expenditures will be approximately $68,000,000 in excess of revenues estimated on present rates and yield. Accordingly it is proposed to recommend measures which will, it is anticipated, produce at least $70,000,000 on the basis of present business conditions, leaving a surplus of $2,000,000.

I leave it to the judgment of the house and the country which is correct, my hon. friend or the Montreal Gazette and myself in saying that my hon. friend is presenting a bill for $70,000,000.

Mr. RHODES: And one of the measures proposed was a saving of $14,000,000. That is the answer.

Mr. RALSTON: Oh, no. You say in your budget speech, "after making allowance" for that.

Mr. DENIS (Translation): Mr. Chairman, as representative of the thickly populated riding of St. Denis, I wish, on behalf of my constituents, to protest against the two cents sugar tax. By levying this impost the government has once more given proof that it has greater consideration for the wealthy than for the poor. The time is ill chosen to levy such a tax when there are 1,300,000 unemployed in this country, who find it impossible to earn a livelihood or obtain sufficient fuel to keep themselves warm during the cold winter season.

The hon. Minister of Finance (Mr. Rhodes) replied to the hon. member for Shelbourne-Yarmouth (Mr. Ralston) that the government had levied this tax to meet the extravagant expenditure of the late regime. To illustrate his point, he mentioned the construction of the Montreal harbour bridge. It would have been more to the point had he alluded to the $2,000,000 that the government expended to complete the Welland canal, and this without authorization, unless it be that of the Minister of Railways and Canals.

I think that under the circumstances, the hon. minister should have sought eleswhere the funds necessary to balance the deficits of the present administration. The tax on numerous articles of luxury could have been increased without unnecessarily burdening the poorer classes of ratepayers. I therefore wish to strongly protest against such taxation because it affects the unemployed who cannot afford at present to pay 2 cents more on the sugar they need. Those who still possess wealth could well afford a tax increase on articles of luxury such, for instance, as diamonds, jewels of all kinds, pianos, expensive furniture and chocolates. The tax could have been increased on numerous manufactured products such as aeroplanes and automobiles without ever affecting the consumer or the unemployed. I thought that in view of the many protests coming from all parts of the country, especially from the humble, the small wage earners and unemployed, the government would have acquiesced in the view of these people and dropped this tax. Such an act would have gained for them new followers; and they need them, because the government have given proof to-day that their policy is to destroy rather than construct.

Mr. MALCOLM: I had not intended to make any further observations concerning the two cent tax on sugar, but I cannot let the remarks of the Minister of Finance in reply to the hon. member for Shelburne-Yarmouth go without a word in reply. Undoubtedly the minister deserves the sympathy of the people of Canada. He states he is a victim of a set of world conditions; he is also the victim of a mistaken policy. The minister said that we did not help the taxpayer by saying the government was extravagant. I say to the minister we are not telling the public that the government is extravagant; we are telling the government. By making such demands on the government to reduce their budget we are trying to help the taxpayer. Any references from this side of the house to the extravagance of the present administration are made for one definite purpose, namely to have the government realize that in this time of stress, whether it be due to world conditions or to mistaken policy, the government has exactly the same obligations as those which rest upon every business in Canada, namely to trim its sails according to the wind it is facing. The government cannot ride the gale with the amount of canvas they are carrying, they will flounder in the trough in the sea and be lost.

I know the Minister of Finance would not dare to say, nor would any hon. member in the house, that the cost of the administration of any government in Canada, whether it be municipal, provincial or federal, has been reduced to one-quarter the extent that costs in private business have been reduced. There is nothing comparable in the history of this dominion to the reductions in overhead costs

which have been practised in private business in Canada. The reduction in the cost of administering the federal government has been so slight as to be almost unobservable.

Only a few evenings ago when the estimates for the Department of Trade and Commerce were before the committee I pointed out that on steamship services for the carriage of mail which in 1929 used to cost this dominion $530,000 a year, this government is deliberately paying on the Atlantic and Pacific services $1,200,000 a year, or an excess cost of $700,000, an increased expenditure which is absolutely unjustifiable and for which no excuse can be offered, with the exception that the Minister of Trade and Commerce has said that a very superior type of service was given and that the boats could not maintain the service without government help. I say to the Minister of Finance that if he will search his estimates he will find very little evidence of a sincere desire on the part of his colleagues substantially to reduce expenditures.

May I refer to another item which appeared in the estimates. The research council, which was started some years ago, was given a building in which to carry on and to coordinate all research activities of federal departments. The present Minister of Trade and Commerce supported the idea of consolidating research work. The Prime Minister took a similar attitude. Yet to-day in this city of Ottawa, with the research building completed and with every opportunity to consolidate research activities we have deputy ministers refusing to get together for the purposes of consolidation when by such action they could save millions of dollars. I defy any man in the house to tell me that there has been a sincere effort to coordinate the research of the various departments of government. There are thirty-four separate laboratories in the city of Ottawa which should all be consolidated, now that the premises are available. The Minister of Finance knows this, as does the Prime Minister. All along the line in departmental work the deputy ministers are controlling the situation, and are not allowing the government to reduce expenditures as is being done in private business. We have come to the point in Canada where we ought to listen to the remarks of the senior member of the house, the hon. member for Bonaventure. We have come to the point where ministers of the crown do not control the situation. Between the Civil Service Commission and other organizations we are fast becoming the victims of a bureaucracy. Unless we give the ministers the right to control their departments and to reduce expenditures as they think they should be reduced, the Minister of Finance will have a mighty sorry task trying to meet the fixed expenditures of the country.

We quite admit that $20,000,000 taken from the pockets of the people by a tax on sugar is a very unpopular tax. The minister says he knows it, but that it is done from necessity. I want to join with my hon. friend from North Waterloo in saying that a man who received five dollars from the Minister of Finance in 1926, 1927 or 1928 for interest on a $100 bond could buy with that five dollars about four bushels of wheat. He could not then buy 120 pounds of sugar or ten bushels of wheat as he can to-day. If the minister and the government present the argument that they are facing the worst economic condition the world has ever seen and that because of that widespread condition they are obliged to take this course, then I say that the very seriousness of the situation demands serious remedies. I do not think it is right to ask the common people of this country, whose earnings have been reduced, to pay a tax on sugar to the extent of $8 or $10 a family. I do not think it is right to ask industries, practically all of which are in the red and have lost their reserves, to pay higher corporation taxes which they cannot earn, while at the same time men who never at any time expected to get such enormous returns in purchasing power from interest on their bonds are permitted to get those returns at the expense of people who have no money. The time has come when I believe some very drastic step has to be taken to produce what my friend from Vancouver Centre calls equality of sacrifice. The biggest load we have to carry is our bond interest. Wages, pensions, interest on public debt—all these things if they have to be reduced should be reduced together. It is not good enough to cut pensions and cut wages and at the same time allow the holders of $2,500,000,000 in bonds to get a return on their money altogether out of proportion in value to that received in 1928.

I want to say another word to the Minister of Finance in connection with his claim that he has reduced expenditure. So long as this rate of expenditure is maintained, without the large revenues which we had in 1928-29 when times were good, so long will the minister have to face intense criticism on account of the fact that some of the wealthiest people in this country—not ordinary business men but men of great wealth—have gathered in tax free bonds which were not originally bought

with the idea of evading income taxes. When this nation was appealed to by Sir Thomas White, the then Minister of Finance, for money to carry on the war, it responded patriotically. These bonds were purchased and held widely by the people of Canada. They are not held widely to-day, as the Minister of Finance knows. They are held within very narrow limits, by banks, insurance companies, bond companies, trust companies, and by a few very wealthy individuals.

Mr. POULIOT: Lord Bacon!

Mr. MALCOLM: The treasury is losing by the tax free provision on these bonds a great deal more money per year in income tax than will be taken from the people by the tax on sugar. The Prime Minister has spoken of the sacredness of contracts. I do not know how sacred a contract is that exempts a man from paying his fair share of taxation in a time of national crisis—

Mr. POULIOT: It is immoral.

Mr. MALCOLM: Personally it is not sacred to me at all.

I notice a big change in the attitude of the government, if the Ottawa Citizen is to be believed. A few days ago in this house I suggested to the Minister of Finance that so far as our internal currency is concerned, if properly controlled it would have no bearing whatever upon our exchange; that if by statutory enactment the government wished to issue on a redeemable plan a given quantity of currency for the construction of public buildings, it could do so, and in ten years' time pay for the building at just half the cost that would have to be paid if bonds were issued at five per cent. My friend from North Waterloo supported the idea. Then we listened to a long lecture from the Prime Minister to prove that it would destroy the stability of our money. I want to be helpful to the Minister of Finance, and if I may be pardoned for taking the time of the committee I would like to say this: there should be two kinds of currency. The rate of exchange on Canadian money is affected by every demand for Canadian dollars that comes from the outside and every demand for American dollars which comes from within. Our exchange is not affected one particle if we have an adverse balance of $200,000,000 a year with the United States provided we have against that a favourable balance with some other country which pays its debts through New York. In considering foreign exchange one has to take into consideration every item that is cleared through New York banks. We are debited with the interest we owe on our bonds and with everything we owe there. We are credited with the money we borrow, with the returns from our trade, whether it be from Japan, Peru, Bolivia or Spain; the sum total of our favourable trade balance clears through New York because New York is our banking centre and our exchange is governed, as a commodity would be, by the demand for Canadian dollars and the demand for American dollars. We have at the moment a favourable trade balance, but we are not borrowing money in New York. If we were our exchange would improve. Apart from that, however, I submit to the Minister of Finance that although bankers will tell him that any issue of currency within this dominion will adversely affect exchange, there is no logical reason why it should. When the Prime Minister inflated last year to the extent of $35,000,000 it did temporarily affect the rate of exchange. But when it becomes understood that this currency is issued on a solid basis of statutory enactment, with provision for the redemption and cancellation of that currency, just the same as if a sinking fund were created to retire bonds, there should be no influence whatever upon our exchange in the New York market. By such an issue of currency the Minister of Finance will take from the people of the country in taxes just half the amount of money that he would take if he issued bonds and paid five per cent on them for a period of twenty years. The thing that amazes me is that in the Citizen to-night I see a headline indicating that the suggestion which we made a few days ago and which the Prime Minister characterized as so impossible has actually been adopted. If that drastic step is being taken I say to the Minister of Finance and to the government that I admire them for taking it. I admire them for accepting a broader policy, probably a little more liberal policy, in order to try to correct the situation from which the taxpayers suffer.

I appeal to the Finance minister to take a strong stand with regard to the enormous interest charges which we are paying on the tax free bonds; to take the strongest position possible in regard to reducing internal expenditure. The ministers should have authority to do with their departments what private business is doing with its overhead. Then it will not be called upon to bear the criticism to which it is now subject from the common people of the country of taxing the sugar of the children. I look on the taxation of sugar as a very inequitable tax. It falls heavily on those with large families to feed; it falls heavily on the people least able to bear it. It means nothing to the average man who

has a substantial income, but to the farmers, referred to by the hon. member for Southeast Grey (Miss Macphail), who buy 400 or 500 pounds of sugar in the fall to put up their own fruit, it is a substantial tax, a tax these people have never had to bear before. It probably will not affect the average member of parliament or the average business man or salaried man; they probably will not feel it. It will not hurt the families with only two mouths to feed, but it will bear very heavily on the man with a large family.

The minister referred to a tea tax. Very well; why not distribute this tax? Why put it all on sugar? It would be infinitely better, I suggest to the minister, to put a tax of 5 cents a pound on coffee or of 2 cents a pound on tea and make the tax on sugar one cent a pound, because after all tea and coffee are not so necessary to the everyday lives of the community as is sugar. It would be far better to put a direct sales tax of 20 cents per pound on candy, which to a large extent is a luxury, or 10 cents a pound or whatever the minister thinks fit, than to put all the tax on sugar, the basic commodity. If the minister says he has no way out other than to tax necessities I have no objection, provided he spreads the tax over a sufficient number of necessities so that it does not fall heavily on those least able to bear it, but I do object to picking out an item so vital to the average workingman and the average farmer, who are not on relief but who are just getting by. We may have eight hundred thousand people on relief at the present time, but certainly we have two or three million who are barely getting by, and those are the men for whom I plead.

As a man who has employed some labour; as a man who knows something about the grief through which industry is passing—and in this house there are dozens of men who know this situation as well as I do—I say to the minister that it is useless for us on this side of the house to argue that his policy is wrong. I have not a particle of criticism to offer with regard to the Prime Minister, the Minister of Finance or any other member of the government. This has been the most consistent government Canada has ever known. As the hon. member for Willow Bunch said, the Prime Minister appealed for the suffrage of the people claiming that if there was unemployment it was the fault of the government and that the responsibility for good or bad times was squarely on the shoulders of the administration. Not only did he do that; he also prescribed the remedy by means of which the cure was to be effected. The Prime Minister cannot be accused of inconsistency. He said that by a high tariff policy he would create industrial employment, increase our markets and bring about a return of prosperity. Well, we cannot blame the doctor because he has administered mighty large doses of the medicine he promised the patient, but what has been the result? Unemployment has increased; industrial production has decreased, and practically everything that was promised has failed to materialize. I am not going to say that world conditions have not been a great influence; I want to be fair, but I want to say to the minister that in being fair I want him to be fair also.

Just here, Mr. Chairman, I am going to bring up again one of the restrictive measures I mentioned to the minister in private and which I have discussed on the floor of the house on two occasions. Why should it be necessary for a silk manufacturer in the province of Ontario to buy his silk in New York? I am glad the Minister of National Revenue is in his seat; probably he will be able to reply. Why should it be necessary for our Canadian railways to lose all the silk tonnage coming from Tokyo to Canada? Why should it be necessary to have a commodity which is duty free in Canada and the United States driven through United States channels, causing the Canadian railway systems to lose that tonnage, simply because the Department of National Revenue insists on putting a dumping duty on the exchange? I have not had an answer to that question, though I have directed it to the Minister of National Revenue twice. That is the sort of restrictive measure that is being applied in this country, and I think it has gone past the point of sanity. It is little wonder that the Minister of Finance suffers from want of revenue. Let him maintain his policy of high tariffs; that is the policy of the government, and they have a perfect right to apply the policy which they advocated. But let the Minister of Finance see to it that his colleagues do not so completely defeat his purpose as to make it necessary for him to bring in this sort of taxation. Our import trade with the United States has dropped by $600,000,000. I do not know whether we needed the cotton or the other commodities we bought from the United States, but with an average duty of 15 per cent that $600,000,000 in trade would give the minister just $90,000,000, and he would not be faced with the problem confronting him to-day.

Let me say, Mr. Chairman, that I have never advocated free trade; I have always been an advocate of a revenue tariff which gives incidental protection. I do not believe the Canadian people want a tariff so high or

so low that it produces no revenue, as a result of which they will have to submit to such taxation as the minister is suggesting to-night. The public must finance the government; the public must find the money. If they do not find it through indirect taxation, through the customs tariff and so on, they must find it through direct taxation on necessities. In this budget we have an illustration of what a high tariff which keeps out commodities and brings in no revenue may cost. Let me say to my low tariff friends that we would have exactly the same illustration if we had a free trade tariff; the revenue would have to be found by direct taxation.

Mr. DUFF: But it would not cost the taxpayers so much.

Mr. MALCOLM: Probably not. I appeal to the minister on this point; he cannot possibly change the policy of the government, but there are some things he can do. Without any blare of trumpets he can trim the cost of administration here, perhaps not so much as would be done in private business but still to a substantial extent. Without any legislation he can clean up a lot of nuisance regulations in the Department of National Revenue, which will be a great help to the business community of this country and will increase his revenue. Without any abandonment of policy at all he can revise some of the items in his customs tariff which will bring in a very much more substantial revenue than he enjoys to-day. I say to the minister in all sincerity that I do not even want to retort to what he said about the load the government inherited from the previous administration. I came into this house in 1921, together with a number of hon. gentlemen I see about me this evening. Then the deficit on the national railways was $60,000,000 a year; then there seemed no possible chance of balancing the budget; then the clouds, while not quite so dark as they are to-day on the political horizon, were so dark as to cause hon. gentlemen then on this side of the house severely to criticize the government for everything they did. I sat in this house in 1929, when our trade had expanded to a proportion we had never dreamed of, and when we had a little unemployment. I heard hon. gentlemen opposite utter the most violent criticisms of the government then in power. I heard them criticize our whole tariff policy; I heard them say it was a complete failure and that ours was the worst government Canada had ever seen. I think the Minister of Finance can say truthfully that in comparison with the violent criticism to which the late government was subjected during the session of 1930 anything we have said in criticism of this government might be termed soft words indeed. We have tried to be fair; personally I want to be fair. I realize the responsibility of government and I understand the difficulty of running departments, but I say to the Minister of Finance that nothing in the way of nibbling taxation is going to cure the situation. The Prime Minister used the expression that the surgery has to be deep, and it certainly has. These are unusual conditions, and unusual methods must be adopted. I believe that at the moment the people of Canada are ready for unusual happenings; I do not believe they are going to criticize the government of the day but will rather compliment them if drastic measures are taken to reduce the cost of administering this country. Many people talk about the cost of government in Great Britain. The taxes the British people pay are not, if at all, very much higher per capita than in this dominion. When we take our municipal, provincial and federal taxes and divide them by ten million we find that the Canadian taxpayer is to-day paying taxation equal to that paid in Great Britain, or at any rate nearly so, and it is a load which he cannot continue to pay out of his present revenue.

Now, where lies the future? It is always very easy for a member in opposition or on the government side to demand expenditures when money is coming into the treasury freely; we have all done it. Hon. members sitting opposite, when they were to the left of the Speaker, were just as anxious for estimates in connection with public works as were members behind the government. Well, if we failed to be cautious enough in those days, certainly we should be courageous to-day. The ordinary business man is courageous. We are not closing down our mills. We are cutting down expenses to the bone and reducing salaries to the vanishing point. Our men are taking low wages and buckling in, trying to save the business ships of the dominion. That is going on to-day from the Atlantic to the Pacific. Then how do the people feel about the cost of government? There certainly is a realization on the part of the Canadian people, greater than ever existed before, that governments have only such money as they take from the people with which to administer their affairs. Any delusion that ever existed that the government has some way of obtaining money other than by taxation has been amply dispelled in the last two or three years. I venture to say that there never was a year in which a smaller percentage of the income tax was paid on the first day than

there has been in the last two or three days. More men are asking the government to carry a part of their taxes, for the simple reason that their interest charges have eaten up their incomes and they are not in a position to pay the taxes levied in cash. I do not hold with some people in this house who think that income taxes in Canada are not high; I think they are at the breaking point. I do not think they can be made any higher if business is to survive. When it comes to taking one dollar out of every two which a man earns, a man with undoubted obligations, a man who must face the necessity of keeping reserves for times of stress, I think it comes about as close to confiscation as it is advisable to go. I contend therefore—I know that I shall not be complimented by many hon. members on this side of the house for saying so—that the Minister of Finance was not wrong in lowering the brackets. There are young bachelors in this country earning eight hundred and a thousand dollars a year who are much better able to pay income tax than married men receiving three thousand and with four or five children to keep. The increase in income tax was very heavy in the middle brackets, but those are the brackets in which the minister can get revenue.

I do not think the minister intends to modify this sugar tax, but I do say to him that he should. If he would reduce it and place a tax on tea and coffee and other commodities he would get a far more equitable distribution of the burden. The tax would fall more evenly on the people of the country, and though he may not like to do so, I suggest to him that he should give the matter further consideration. Had he given it fuller consideration I do not think he would have brought in the tax as it is now.

Mr. RHODES: I do not propose to take the same attitude towards the remarks of my hon. friend from North Bruce as apparently my hon. friend from Shelburne-Yarmouth took with respect to my own observations. I think the remarks of my hon. friend were made in the tone in which we heard them because of the hon. gentleman's sincerity and because he felt what he was saying.

Mr. MALCOLM: I certainly did.

Mr. RHODES: I am prepared to say that I am thoroughly convinced that this was the purpose that animated the vehemence with which he spoke. I know of no hon. gentleman in this house who speaks more temperately than does my hon. friend from North Bruce and who in the main approaches problems in a fairer or more constructive manner.

Mr. MALCOLM: Thank you.

Mr. RHODES: With a great deal of what the hon. gentleman said I was in agreement, although I must take exception to some of his remarks. He repeated, what so many hon. gentlemen opposite have repeated from time to time, the statement that this is a high tariff party. Hon. gentlemen opposite have said this so frequently that I know they thoroughly believe it, and I should find it difficult to dissuade them from that conviction. As a matter of fact, I have been a consistent follower of this party and I have never subscribed to the point of view that we were a high tariff party. We have been frank enough to admit that we believe in the policy of protection, in the policy of adequate protection, and this government has not hesitated, any more than preceding Conservative governments have hesitated on occasion, to reduce tariffs substantially and indeed, in many instances, to wipe them out altogether. In fact, in the very budget before the house there are numerous items which have been placed on the free list.

I do not agree with my hon. friend in his contention, which seems to be shared by many hon. gentlemen opposite, that if we revised the tariff we should not be obliged to resort to taxation. If there is anything in the statement made by hon. gentlemen it means that more goods would be brought into this country and that we should have more revenue from the tariff.

Mr. YOUNG: Precisely.

Mr. MALCOLM: No doubt.

Mr. RHODES: Well, who pays the tariff? The people in this country pay. Hon. gentlemen discuss that phase of the question as if they were going to relieve the people of the country of the burden of taxation.

Mr. MALCOLM: The tariff is paid by those who are able to pay.

Mr. BOTHWELL: Don't we still pay the same price to our own manufacturers?

Mr. RHODES: My hon. friend will not think me discourteous if I decline to be deflected by a question of that kind, because it has no bearing on the point raised by the hon. member for North Bruce, who was dealing with the question of tariff qua revenue. I am not dealing with the question of protection as such, in all its ramifications. The fact remains that the customs duty is paid by the people of the country, and there may be an argument as to whether, in the incidence of taxation, the burden by that method is more evenly distributed than it would be with respect, for example, to such a tax as the proposed tax on sugar, paid directly by the

people. The fact of the matter is, however, taking any form of taxation, that a given sum of money which goes into the treasury, it matters not whether it comes out of a sugar tax or a tariff or what not, must come out of the people of the country. That fact, I submit, should be borne in mind.

Mr. MALCOLM: Is my hon. friend going to ignore the selling value of imports to this dominion?

Mr. RHODES: I was dealing with the question entirely from the point of view of revenue, which was the point under discussion, because otherwise the discussion is not germane to the question of the necessity for raising revenue by means of a tax on sugar.

Mr. RALSTON: We pay for it in goods; that is all.

Mr. MALCOLM: It has to be paid for.

Mr. RHODES: I quite understand that argument. If hon. gentlemen will take the trade of the country, both imports and exports, they will find that we are the fifth trading country of the world. They will find that, having regard to relative trade conditions in other parts of the world, our trade stands just as high in volume as that of any other country in the world and just as high relatively as it has ever stood in the history of Canada.

Coming back to my hon. friend, while I do not want him to think that I wish to answer his argument by the "you are another" method, I feel I must check him up in one or two respects. He referred to the fact that private business had reduced salaries to the vanishing point, and stated that while he recognized the government was not in a position to make the same drastic cuts as those made in private business, he felt nevertheless that there could be a still further reduction. May I point out to my hon. friend that when we asked the civil servants of Canada to make a modest contribution by way of a salary deduction of ten per cent, hon. gentlemen opposite occupied the time of this house for three solid weeks. That contribution amounts only to some $8,000,000, or less than one half what we hope to realize from the tax upon sugar.

I commend my hon. friend for the constructive character of his suggestions. I know he makes them not as criticisms but as patriotic suggestions in view of the seriousness of the condition of this country. I grant him that very freely, but when he suggests that we might take one cent off the sugar tax and put a four cent a pound tax upon tea and a five cent per pound upon coffee in substitution thereof, I must point out what we might expect from such a substitution. Last year we imported into Canada 42,000,000 pounds of tea. With a tax of four cents per pound, which would be double the duty under the British preferential, we would obtain in revenue $1,680,000. Last year we imported into Canada 38,000,000 pounds of coffee. A five cent tax would bring in a revenue of $1,900,000. There would be a total revenue on these two taxes of $3,580,000.

Mr. HACKETT: The hon. member suggested two cents per pound on tea.

Mr. RHODES: The hon. member for Stanstead says that the hon. member for North Bruce suggested a tax on tea of only two cents per pound. That makes my argument just twice as strong. However, taking the tax at four cents per pound, the total revenue would be $3,580,000 or just one-third of what it is anticipated a one cent tax on sugar would bring in.

Mr. YOUNG: It would help a little.

Mr. RHODES: Yes, but it would not offer a substitute for a one cent tax upon sugar.

Mr. MALCOLM: The minister could broaden the list to include other luxuries.

Mr. RHODES: That is quite true. My hon. friend did something else for which I commend him. He had the courage to make succinct and substantial suggestions by way of economy. We get much of this, more particularly from the press. I do not object to criticism, in fact I welcome it especially when it is based upon fair motives and is not captious or small political criticism—I use the "p" in the small party sense. Let me say to my hon. friend that I think he was fair in his criticism in respect to the national research council. During an earlier stage of the committee I made reference to certain economies which had been made, and I pointed these out in the letters which were written to certain chambers of commerce. I did not then nor do I now suggest for one moment that the government has made as many economies as it should or as it could. I believe we will have to make still further economies, and the suggestions made by my hon. friend are sound. I may say to him that for some considerable time past the preliminary steps have been taken which will lead up to the very economy he has in mind. You cannot prune a tree with an axe; you must use a more delicate instrument if you wish it to survive. You cannot use rough instruments upon the delicate machinery of governmental service, and you cannot make the same drastic reductions as can be made in private enterprises. It is altogether different in the service. I

may say to my hon. friend that the object of the government will be to continue to effect economies wherever they may be possible without impairing unnecessarily the public service. The suggestion he made is practicable and sensible and is one which will be and should be followed by the government.

Even if I felt competent to do so, I would not propose to follow my hon. friend in his broad discussion of inflation. I do want to say to him that when he speaks of equal contribution, having in mind the fact that those who hold the bonds and securities of this country are because of living conditions to-day receiving a far higher yield than they did when they purchased them, he must not overlook the fact that Canada is a debtor country. Canada is a borrowing country and if we are to have lower rates of interest, a thing highly desirable, we must maintain the integrity of the credit of Canada. If we attempted to violate or repudiate our obligations to those who have purchased the securities of Canada, I believe that the amount saved at the moment would be lost manyfold through the increased sums we would have to pay by way of interest on future borrowings. We would narrow the field within which we could borrow to such an extent that we would have to pay very high terms for our money. There is no way, short of repudiation, in which you can effect a sacrifice with respect to securities which are out as a matter of contract and in the hands of the public.

Mr. MALCOLM: The minister knows perfectly well that England refinanced her largest loan at three and a half per cent. The British people took it up and there was no repudiation.

Mr. RHODES: Quite so, but my hon. friend must admit that England is a creditor country. She had a plethora of stored capital—

Mr. HEAPS: What about Australia?

Mr. RHODES: —available for conversion. That conversion was a voluntary one.

Mr. MALCOLM: Quite so, and so it would be in Canada.

Mr. RHODES: Nearly two years ago we made a very substantial conversion in Canada as a result of which we improved the financial position of this country to a marked degree.

Mr. MALCOLM: And the bonds were sold—

Mr. RHODES: And the bonds were sold.

Mr. MALCOLM: —in Canada.

Mr. RHODES: In Canada, quite so. My hon. friend will realize that in respect of this conversion tax exemptions with respect to certain bonds had to be continued until the due date. The net result after November 1 of this year will be a very substantial saving in interest charges through the tax exempt feature being obliterated from the 1933 issue.

I have taken more time than I intended to take. I hope the example of the hon. member for North Bruce will be followed by other hon. gentlemen opposite should they care to discuss the subject of sugar. We welcome constructive suggestions and I hope that after certain economies along a certain line have been effected my hon. friend will have occasion to say "I told you so."

Mr. RYCKMAN: I am very sorry to take up any of the time of the committee at this stage, but in view of the fact that the hon. member for North Bruce has made a reference to me I think it necessary that I should at least reply. I heard no two references from my hon. friend as to why silk could be bought in New York at an advantage as compared with purchasing it in Japan and bringing it overland through Canada to Toronto and Montreal. I did hear a reference to it once and I made no reply because I certainly thought that the hon. member knew enough about the trade to know exactly how it did happen, but seeing that I was mistaken as to his knowledge I will tell him in a word or two. It is caused by the difference in exchange and by our special excise tax, and we are not going to forego our special excise tax —we need it, and the hon. member ought to know it—simply because we can let in a carload of silk at a cheaper price. Let me tell the hon. gentleman that that is over now, and to-day you can buy silk that has its origin in Japan as cheap in Canada as you can buy it from New York.

Mr. MALCOLM: Good.

Mr. RYCKMAN: In the next place my hon. friend referred to the nuisance regulations of the National Revenue department. All I can say is that the government of which he was a member put them there. I do not know to what else he refers. I am sure that the action that has been taken by the National Revenue department, perhaps not under the heading of regulations, has resulted in benefit to the country. There was something that was done when my hon. friend's government was in power, and while I would not for one moment detract from the encomiums heaped upon his head this afternoon and evening, I must say that when I took charge of this department I found that the first time what is known as section 43 was used by the Liberal government as applied to other than

natural products, was in aid of an industry in which my hon. friend was interested and still is interested. The Liberal government were pleased to confine their operation of what is known as section 43 to natural products, but then furniture crept in. A heavy duty was put on furniture, and my hon. friend got the benefit of that.

Mr. MALCOLM: No, sir.

Mr. RYCKMAN: The records of the department show it; that is all I can say.

I want to say that I align myself with the Finance minister and those on this side of the house in seeing that this government, so far as its efforts can accomplish it, shall not default upon its obligations upon any specious excuse. The hon. member for North Bruce I think allowed us to measure him to-night when he said that it really hurt him that this country kept its obligations and paid the interest on these tax free bonds. The country has entered into that obligation. It is a hard thing to carry it out; it is done with grief and worry, but yet Canada has done it and will do it so long as this government is in power, and if the people of Canada determine that they want some other treatment, they can get it by voting for it in the majority.

Mr. MALCOLM: They are liable to do it.

Mr. EULER: Just a word with regard to the remarks made by the Minister of National Revenue. He made reference to action that was taken by the former government, perhaps by myself, with regard to furniture. The statement to which I absolutely take exception is the one to the effect that we placed a much higher duty upon furniture.

Mr. RYCKMAN: I did not say a much higher duty; I said a high duty.

Mr. EULER: I will take the minister's words. He says that we placed a high duty on furniture, intimating that we raised the tariff on furniture. We did nothing of the sort. The rate remained exactly as it was, and the department proceeded entirely on the old dumping regulation that goods should not be imported into this country valued at less than they were in the country of origin. We had reason to believe that furniture was being dumped into Canada. An investigation was made, and a higher valuation was placed upon furniture exactly in accordance with the law. I might say to the Minister of National Revenue that the late government did not apply that regulation to anything like the extent it has been applied in the years since he has been in office. I think it has been more or less of an outrage the extent to which the minister has imposed on the business people of this country, arbitrary regulations which have been much worse than the tariff itself. In fact, the minister and the government have taken power, and have exercised it, actually to place a valuation on goods for purposes of customs duties from two to four times the actual value, thereby multiplying the rate of duty two or three or four times, and not by reason of the fact that there was real dumping in the sense that goods were coming into this country and selling at less cost than in the country of origin. The minister's action was taken without reference to what the goods sold for in the country of origin.

Mr. POULIOT: The treasury benches unfortunately disagree as to the merits of the speech of my hon. friend from North Bruce. The Minister of Finance was very complimentary to him, and rightly so, but the Minister of National Revenue did not feel that way about it. One of the most constructive suggestions, or if I might use the words of the Minister of Finance, one of the most patriotic suggestions made by the member for North Bruce, was to convert the tax free bonds. The hon. Minister of Finance did not indicate his views in that regard, but the hon. Minister of National Revenue said that Canada was not going to repudiate its obligations. The Minister of Finance did, however, say that the credit of this country should not be imperilled. Would it imperil the credit of this country for this government to show that it has a real business spirit?—and I do not say that, Mr. Chairman, in any mean or offensive way. I was thinking of the poor people of this country, of the feeling of relief it would give to the mind of the poor man who pays a $2 tax on one hundred pounds of sugar while at the same time he sees the millionaire who has twenty million dollars worth of tax free bonds not paying a cent of taxation to the government upon that immense amount of money. There is discrimination. The hon. Minister of National Revenue, who is an able lawyer, knows very well that contracts can be declared void when they are illegal and when they are immoral. Our expenditures during the war could have been divided under three heads; money usefully expended; money that was wasted; money that was stolen. A large proportion of these tax free bonds was purchased from the dominion exchequer by those thieves who stole the money of this country by profiteering, and that they are escaping taxation to-day I say is a national crime.

We hear complaints about unemployment. People have no money now. Even farmers with real property and assets have no money. You can go to any farmer and ask him if he has five or ten or fifteen dollars in his house, and he will answer: "You know very well I have not." Why? Because he may have mortgages on his neighbour's farm or may have his money invested elsewhere, and it is not bringing in a cent of revenue. I make this very simple suggestion to the government in all earnestness, and I want them to try to understand that there is no petty political motive in the suggestion: I urge them to tax at once those tax free bonds, to convert them in order that the rich may pay as well as the poor. Those who hold such bonds are better able to pay than the man who has not a cent. Is it fair, or is there not discrimination, when the millionaire with $20,000,000 worth of tax free bonds pays nothing, while on the other hand a poor fellow has to work five days in the year at $2 a day to pay the $10 tax on sugar. If he gets only a dollar a day he has to work ten days, and if he gets only fifty cents a day he has to work twenty days to pay this $10 tax for five hundred pounds of sugar for himself and his family. I cannot understand it.

The Minister of Finance and the Minister of National Revenue have my respect. They are both able men. I would ask them to concentrate for five minutes, and at the end of that time they will admit that the suggestion made by the hon. member for North Bruce is a kindly one and should at once be considered favourably by the government.

Mr. HEAPS: The Minister of Finance referred to a conversion loan made by his own government, and also a conversion loan put through last year by the British government. He left the impression, at least on my mind, that one of the reasons why the present government could not put through a conversion loan at a considerably reduced rate of interest while Great Britain could, was that Canada was a debtor country and Great Britain was a creditor country. That may be perfectly so. May I, however, cite to him the case of Australia, a country which I believe is in a position somewhat similar to that occupied by Canada. Just about two years ago in Australia they put through an internal conversion loan at a considerably reduced rate of interest. As Australia is in much the same position as we are, and it was possible to put through an internal loan in that country reducing the rate of interest, can the minister tell the committee why it was not possible for Canada to follow her example?

Mr. RHODES: Conditions in Australia are entirely different from those obtaining in Canada. They put through their conversion loan solely with respect to Australian holders of Australian securities. I may point out further that there were other conditions which I do not wish to discuss with any degree of frankness, but which, if they were present in Canada, might call for far different treatment from those warranted by conditions obtaining here. Short of compulsion there is only one way in which you can convert, and that is to have the holder of a security exchange it for one which he is disposed to accept. The government of Canada is, I submit, taking the logical course by lending every possible assistance it can towards the lowering of interest rates. We have not trumpeted from the housetops the circumstance that it took considerable time and effort to bring about concerted action in the lowering of interest rates upon savings banks deposits and the general interest rate on savings. That is being reflected, as of May 1, in a corresponding reduction in interest charges. It will have its effect, in turn, in improving general conditions preparatory to our approaching the people here, as we will before a great while, with a conversion loan. If our securities were held only in Canada, and the tax exemption feature was free from all our securities, we might put through a major operation with a certain amount of compulsion, accelerated by conditions which have obtained in other countries. But inasmuch as those conditions do not obtain in Canada we have to proceed in an orderly way, and the best contribution we can make towards clearing the ground for a conversion loan is to maintain our credit, maintain confidence in our securities and assist towards a general lowering of interest rates, hoping that these conditions will be reflected when the next conversion comes along.

Mr. HEAPS: I appreciate the position taken by the minister. May I say, however, that the percentage of federal bonds owned in Canada is fairly high; I believe it must be about seventy-five per cent. I do not believe the difficulties outlined by the minister would be as great in Canada as they were in Australia, because I understand that a far greater amount of the bonds of the federal government of Australia were held outside of Australia than were held within the country. Our percentage is much higher than obtained there. Our interest charges have become such a tremendous burden that I think a major operation will be necessary in the near future.

Not only is that so as far as the federal government is concerned, but it is increasingly so in regard to our provincial governments. The costs in the western provinces are such that they find it almost impossible to bear interest charges on their indebtedness. In Manitoba more than fifty per cent of the total revenue of the province goes to meet interest obligations. So far as federal obligations are concerned, I do not think I am far off when I say that approximately thirty-five per cent of the total revenue of the federal government is utilized in meeting interest obligations. Sooner or later I believe something will have to be done in the way of cutting down our interest charges in order that federal, provincial and municipal governments may be able to meet the obligations with which they are faced.

Mr. RALSTON: I wonder if the minister is prepared to answer two questions I asked. First he was going to ascertain the amount of raw sugar imported for manufacturers, and not for refiners.

Mr. RHODES: I am glad the hon. member reminded me, because I have the figures, as accurately as we can get them. The best estimate the department can make is that importations of raw sugar by other than refiners for the fiscal year ended March 31, 1932, amounted to 129,312 hundredweight, valued at $234,000. For the fiscal year ended March 31, 1933, the figure is 128,785 hundredweight valued at $227,492. After comparing those figures the hon. member will realize they represent a very small fraction as compared with the total import.

Mr. RALSTON: The total import is about a billion pounds?

Mr. RHODES: About a thousand million pounds, yes. So that the figures I have given represent a comparatively small fraction of the sugar importations.

Mr. RALSTON: Would the minister consider the representations I made as to the possibility of not imposing the excise tax on raw sugar used by canners, and people other than refiners?

Mr. RHODES: No. To do that would be to deflect from the treasury a substantial amount of revenue. For the purpose of maintaining the balance the tax has been imposed in the manner in which it appears.

Mr. RALSTON: I would say if they could use raw sugar, they would. The difference in the price would make it desirable to use raw sugar if possible, therefore I do not believe there would be any great incentive to use raw sugar on account of dropping the tax.

Mr. RHODES: I am informed that the tendency is to use the cheaper commodity purely from the economic point of view. That tendency would be accelerated by a difference of two cents a pound, and that is a very real danger, speaking solely from the viewpoint of revenue.

Mr. RALSTON: Has the minister received any representations from beverage manufacturers?

Mr. RHODES: Yes.

Mr. RALSTON: I say that because I had a telegram from a manufacturer in my own constituency pointing out the very serious effect of this tax, and also that it could not be passed on. I will read it to the minister; he may have had one too:

> We are candidates for the poorhouse if sugar will keep on $2 extra on a bag. Conditions are so that it is impossible to advance prices on beverages. Please ask the finance minister to have mercy with the poor beverage men.

Mr. RHODES: Yes, Mr. Chairman, I have had numerous representations of the kind. I met a deputation of the soft drink manufacturers. I put this question to one of them who was pleading for the remission of the tax on the ground that it would do great injury to his business: "What did you do when you paid 20 cents a pound for your sugar"? He did not come to for some minutes, because it was not in his little written statement, but he came back a second time and said: "We did not make any money that year." As a matter of fact, while I sympathize with any industry to-day I must say there are other industries which will be affected to an extent at least as great as, if not greater than, the soft drink manufacturers. My information is that it bears such a relatively small proportion to the cost of the finished commodity that they ought not to complain any more than any other industry which has to use sugar.

Mr. DUFF: They make the drinks too sweet anyway.

Mr. RHODES: I think my hon. friend is probably correct. And it is open to them to use other forms of sweetening if they desire.

Mr. YOUNG: Substitutes!

Mr. RHODES: As far as protests are concerned I may say to my hon. friend from Shelburne-Yarmouth that I doubt if there is

any industry that has failed to make representations not only against the sugar tax but against every tax that has been proposed, without exception.

Mr. RALSTON: Did my hon. friend give an answer to the delegation?

Mr. RHODES: Yes; the answer I gave was that I would take their representations into most careful consideration, which I did.

Mr. MacINNIS: We have had references this evening to demands made upon the government for economy, and we have heard the reasons given by the Minister of Finance why, although he was quite willing, these demands could not be acceded to at the present time. I am wondering where economies are going to get us. From my reading I believe that the world is beginning to realize that we have had about as much economy during the last three years as we can stand, and that now if we are going to get anywhere we must do it by spending. I would much rather see this government try to find ways and means of spending so as to make our natural resources available to the people. As we were told to-day, governments are having to meet changed conditions. They are faced with the necessity of doing what private enterprise was supposed to do in the past. Many of us, perhaps all of us, have received letters during the last few weeks from boards of trade and chambers of commerce asking us to use our influence to have the government effect further economies. To these letters I have replied pointing out that private enterprises, as represented by these boards of trade and chambers of commerce, have restricted activities, turned their employees out on the street, and asked the government to look after them; do they suppose that the government can look after them without any expenditure? I would like my friends on this side of the house to point out where funds are coming from if the government did not take steps to provide them. I was connected with municipal government for some years before coming here, and for years before 1930 we were raising money in order to keep the unemployed of the city working during the winter months. Many of the municipal and provincial expenditures that now burden the country were spent for the very purpose of providing employment. That is a condition that confronts us to-day, and if private enterprise will not deal with it then the responsibility for doing so will rest on this or some other government.

Mr. DUPUIS (Translation): Mr. Chairman, may I add a few remarks to this debate, as representative of two classes of society mostly affected by this unpopular sugar tax, namely, the farming and working classes. Our country comprises farmers—they play the most important part—workmen, industrialists and financiers, better known as capitalists. I wish to state, at the outset, that I do not wish to appeal to class prejudice. In order that the economic organization of a country be as perfect as possible, I really believe that a complete co-operation is necessary between workmen and capitalists, producers and consumers. It is, however, necessary to draw the line when the administration, as in the present case, is so short sighted as to levy a tax which so heavily burdens the two most important classes of our country and which can the least afford it. Hon. members present will recall the attitude taken by our opponents, during the election of 1930, towards the farming and labour classes. Their arguments have been a hundred times alluded to, in the house. They may seem time-worn, however, under the circumstances, it is necessary to again refer to them. The farming class was then told: the sale price of your products is not sufficiently high to permit you to save, rear a family and live comfortably. While the workmen were told: your wages are not high enough. Workmen, who are unemployed, return us and, within three weeks, we shall have found you work. Quite the contrary happened. Not only does the farmer receive less for his products than in 1930, but prices have dropped 100, 200 and even 300 per cent. Workmen as well as farmers find it impossible to meet their liabilities.

How did this all happen? In 1930, both the farmer and workman earned sufficient to permit them to save. After the advent to power of the present administration, the workman did not earn enough to meet his expenses, and the farmer, not receiving as high a price as previously, had to depend on his savings. When these were exhausted, he had to borrow and, to-day, unable to borrow any more, having exhausted his credit, he is on the point of starvation. And it is exactly at a time when the farmer and workman can no further borrow, when they are deprived of their savings, when their credit is exhausted, that this government takes advantage of this critical moment to levy on them such taxes as the one under discussion. It is our duty, we, representatives of these classes of society, to strongly protest against such imposts.

Some hon. MEMBERS (Translation): Hear, Hear.

Mr. DUPUIS (Translation): How many other taxes could the government have resorted to, without encumbering the other classes of society? It is quite certain that capitalists and industrialists have still large incomes notwithstanding the fact that their income is less than in 1930, under the Liberal regime, or even under the Conservative rule, previous to 1921. A great number of them still receive dividends from the numerous companies in which they have invested their money. Without appealing to class prejudice, would it not be more equitable if these capitalists, whether they are liberals or tories, would frankly state: We are ready to sacrifice a large portion of our income and dividends to cover the deficits of the government.

Would it not be more equitable if these capitalists or companies agreed to hand over to the treasury the large profits they make out of the people? And should those capitalists, industrialists, and corporations refuse to do so, the government should force them to bear these taxes, because they are practically the only class which can afford to pay them. That is the rational attitude the government should take, and I repeat it, after so many members on this side of the house have done so.

In my opinion, we should, for instance, tax commercial companies dealing in public utilities.

They make enormous profits, distribute large dividends and, notwithstanding the fact that wages have been reduced to their minimum, notwithstanding the fact that raw material is bought at ridiculous low prices, they exact from the consumer the same prices as in the days which preceded the crisis. With all due deference to capitalists and notwithstanding the consequences which my statement might have for me, may I mention, for instance, the Bell Telephone Co. of Canada. According to the British North America Act, this company comes under the jurisdiction of the Dominion government, which, thereby, controls it. Notwithstanding the fact that the Bell Telephone Co. has reduced the salaries of its employees, that it has thrown on the street a great number of them, that it can purchase raw material at ridiculously low prices, has this company lowered its service prices, reduced the rent of its telephones? No, sir. Just recently, the government taxed long distance telephone calls. Do you, for a moment, think that the company pays this tax? No, it is the public that pays. The government taxed the company but the public pays. The government should, as it has the power, tax directly these public utility companies, when they do not lower their rates and it should prevent them from exacting this tax from the public. The government is aware that a large number of these companies, —I need not enumerate the whole list—exploit the public and are accumulating wealth at the expense of the two important classes of our society which can the least afford it.

I wish to draw the attention of the house, as representative of these two classes of society—the farmers and the workmen—on the unwise act committed by the government when it discreetly informed its political friends of this tax on sugar, a few days previously to its being announced, with the result that numerous followers of this government ordered not only thousands of bags but hundreds of thousands of bags of sugar.

Mr. HACKETT (Translation): Give us their names, that was alluded to twice this afternoon.

Mr. DUPUIS (Translation): The hon. member is fully aware that what I state is the truth and he knows a number of friends who purchased sugar a few days previously to the tax being announced—

Mr. HACKETT (Translation): That is untrue.

Mr. DUPUIS (Translation): —and who, at present, have it stored, without having paid the tax.

Mr. MORAND (Translation): Were there no friends of the opposition included?

Mr. DUGUAY (Translation): Name them! name them!

Mr. DUPUIS (Translation): This interjection of my hon. friend opposite is an argument which does not hold in this house.

Mr. DUGUAY (Translation): Name them! name them!

Mr. DUPUIS (Translation): It reminds me of the old story of the speaker who stated he knew some Chinamen and to whom an interrupter called out: Name them! Name them! This old saw should not be used in this house composed of eminent men such as my hon. friends opposite are supposed to be. Name them! But your own conscience should prick you to rise and give their names, because you are better acquainted with them than we are: they are your friends. I am inclined to think that those who interrupt me to-day are exactly those who told their friends, the wholesale dealers, what were the taxes to be levied, and thus afforded them the opportunity of storing in advance hundreds of thousands of bags of sugar.

Mr. DUGUAY (Translation): Will my hon. friend permit me a question?

Mr. DUPUIS (Translation): My hon. friend will have an opportunity of speaking in his turn; he should then take advantage of it because he has not long to sit in this house. When the day comes for the people to give their verdict, the constituents of Lake St. John will ask him to remain at home.

Mr. DUGUAY (Translation): I may fall but I shall fall on my feet.

Mr. DUPUIS (Translation): It is an anomaly, something like a square circle.

I state that this government—I do not charge it with deliberately betraying its secrets—showed a lack of wisdom in imparting to some of its friends—perhaps those who are interrupting at this moment—that a tax of two cents per pound would be levied on sugar. The burden of this tax falls upon the poor, the farmer, the workman of my constituency who can ill afford it. They have been suffering hardships for the last two years; they depend on public charity and live at the expense of the government. All farmers and workmen in this country will be called upon to pay two cents more per pound of sugar; they will purchase this commodity from the retail dealer, the latter having purchased it from a wholesale dealer who has not paid the tax, nevertheless the people, the workmen in distress, will have to pay it.

Mr. CASGRAIN (Translation): Hear! Hear! Carry on!

Mr. DUPUIS (Translation): Mr. Chairman, this impost is most unpopular and the hon. Minister of Finance should reconsider his decision. I ask him in all earnestness to do so, together with numerous members who have already made the same request. If he wishes the Conservatives to remain in power, he should suppress this tax which burdens the people and will deprive them of a necessity of life, especially to infants. In order to prove my contention and assure hon. members opposite that I harbour no ill feelings towards the government, I state that the enforcement of this tax will prove the strongest argument against their party and will be the cause of their downfall. I repeat it: Representatives of the Conservative party, even if the people had no other grievances against your administration, if you enforce this sugar tax of two cents per pound which is directly levied on the people and paid by them, you will be defeated and, thereby, permit the Liberal party to assume power.

Mr. Chairman, I have fulfilled my duty by expressing my views on this question and, contrary to what certain hon. members on this side have stated, I think that the hon. Minister of Finance will reconsider his decision. He is intelligent, broad-minded, whom I admire, he has proved by his budget statement that he was worthy of occupying the post of Minister of Finance. I am convinced that this very able man will have the good sense, the wisdom of suppressing this sugar tax of two cents per pound and levy on the classes which can afford to pay, sufficient taxes to balance the deficit and thus allow the government to carry on the administration of the country.

Mr. McKENZIE (Assiniboia): Before this item carries I feel it my duty to lodge a complaint against the tax of two cents a pound on sugar. I am not one of those, Mr. Chairman, who can be accused of having been very critical of the government during their term of office, but I do feel that this tax is very unfair to the poor people of our country, those who are at this time struggling for an existence. The minister says this tax was applied because of the need for increased revenue. In reply to that I would say this is one of the last commodities that should be taxed under present conditions. People cannot even buy sugar at present prices let alone at the increased prices as a result of this tax. This matter was brought home to me last summer because of the fact that in the part of the country from which I come wild fruit was very plentiful. People travelled for miles over the hills and valleys to gather this wild fruit of all kinds, and they obtained enormous quantities. The complaint that many of these people made to me was that while they could get plenty of fruit the difficulty was to get sugar. What are they to do if fruit is plentiful again this summer? They will not be able to buy the sugar to preserve that fruit, as they wish to do.

The minister stated that since this government have been in power they have reduced the expenditures of the country by $81,000,000. I contend that even though they have made some decreases they have not grappled with the problem of the expenditures of the country to the extent they should be grappled with. Truth of that statement can be found in the budget speech delivered by the Minister of Finance in this house on March 21 of this year, and I particularly refer to pages 3211 and 3212 of Hansard, where the minister gave a summary of the revenues and expenditures by departments. I have analyzed those figures, and this is the result of my analysis In 1928-29, for every dollar that was collected we spent 76 cents. In 1929-30, for every dollar

that was collected we spent 80 cents. In 1930-31, for every dollar that was collected we spent $1.09, and in 1931-32, we spent $1.11. It is estimated that for every dollar we collect during the coming year we will spend $1.15. That is why I say the government have not really grappled with the financial situation existing in this country.

As I said before, Mr. Chairman, I contend that this tax is unfair and unnecessary, and my reason for making that statement is the very fact that we are spending far more than we are collecting. How much better it would have been for the average taxpayer and the average citizen of this country if this government, instead of placing a tax on sugar, had withheld the appointment of this useless tariff board. Everyone in the country is convinced that tariffs must come down, so why do they need a tariff board, which is only an added expense? Ask any radio user what good the radio commission is doing and see what you will be told. That is another useless commission. Why not reduce expenditures instead of increasing them, thus making it necessary to tax a commodity such as sugar?

Then we have some increased salaries, one of which was referred to the other night by an hon. member on this side of the house. The salary of a gentleman in the National Defence department was increased from $8,000 to $10,000. According to my information he was not nearly earning the $8,000, and I do not understand why his salary is being increased when we have to tax sugar out of the mouths of the poor people of the country in order to make up that increase. The minister said he would welcome any suggestions that might be made which would remove the necessity for this tax. In response to that invitation I would urge the adoption of the suggestion made by the hon. member for Willow Bunch. Why not take up the question of gasoline, the price of which is very high in this country? Why does not the government grapple with that question? We have plenty of evidence to show that we are paying altogether too much for gasoline, and the needed revenue could be obtained very easily if the suggestion of the hon. member for Willow Bunch were followed. Then the hon. member for North Bruce mentioned the matter of bond interest. I remember that a year ago when I was speaking on the budget in this house I stated that if the interest on the $220,000,000 borrowed some time ago had been reduced by even one per cent we would have saved over $2,000,000 a year. Why, as the hon. member for North Bruce asked, should the people who are clipping coupons find it possible to escape the full effects of the depression as they are felt by other people throughout the country? I think that is another question with which the government should grapple.

I just wanted to bring these few points to the attention of the government, Mr. Chairman, and let me repeat that the question in the minds of people all over Canada is how long a government, any more than an individual, can continue to spend $1.15 for every dollar collected. The government must deal with the question of expenditures, and in spite of what the Minister of Finance has said I contend that they have not really done so. We are continually asked by hon. gentlemen opposite why we do not make suggestions. My suggestion to the government is that they cut down on expenditures. It must be done, if not this year then very soon; and in addition to that interest on bonded indebtedness must be reduced.

Item as amended agreed to.

Progress reported.

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

END OF VOLUME IV.